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World Business Newspaper   TUESDAY OCTOBER 31 1995   D8523A

French and German exchanges to build joint trading system

The Deutsche Börse and French stock exchange are to build a joint trading system, allowing members of both to use a single mechanism to trade equities, futures and options in both countries. Member firms will be able to cut costs by putting in place a single system to give access to the two exchanges.

The move is a response to the European Union's investment services directive, which will allow member firms of one European exchange to have "remote membership" of any other. Page 16

Chernomyrdin attacks ban on party: Victor Chernomyrdin, Russia prime minister, hit at the decision by the Central Electoral Commission, to ban Russia's second most popular party from December's parliamentary elections. Page 16. Democracy on the critical list, Page 15

London City Airport sold: London City Airport, the loss-making terminal in the capital's docklands, has been bought by Dermot Desmond, an Irish financier, for £23.5m ($37m). Mr Desmond is a former non-executive chairman of Aer Rianta, the Irish airports authority. Page 16; Airport lures investors, Page 9

Leeson lawyers seek deal: Nick Leeson's lawyers in Singapore have started discussions on a possible deal under which he would provide evidence against his former bosses. Leeson is due to return to Singapore to face charges that as a derivatives trader for Barings he hid losses that brought down the UK merchant bank in February. Page 10

Unionist leader takes surprising stance: David Trimble, leader of Northern Ireland's Ulster Unionist party, surprisingly admitted yesterday that US president Bill Clinton might have been right to give a visa to Gerry Adams, president of the IRA's political wing Sinn Féin. Page 9. Observer, Page 15

Iberia faces strike: Iberia, Spain's debt-ridden state airline, faces potentially crippling strike action tomorrow just as it approaches the final lap of talks with the European Union over a fresh injection of public funding. Page 2

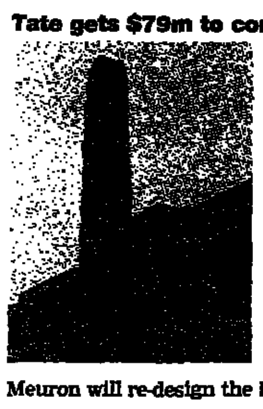
Mannesmann to sell electronics company: Germany's Mannesmann is to sell its loss-making electronics company Hartmann & Braun to Elsag Bailey Process Automation, the US-quoted automation process equipment company. Page 17

Ciba, the Swiss pharmaceuticals and chemicals group, yesterday said it would float its Mettler Toledo weighing machinery division. Page 17

Court orders dissolution of cult: The Tokyo district court ordered the dissolution of the cult Aum Shinri Kyo on the grounds it tried to murder thousands of Tokyo commuters last March in an attack which killed 11 people. Aum has the right to appeal. Page 8

Novell hit by Windows 95: Novell, the personal computer networking software company, is to withdraw from the market for PC applications programs. The decision follows a sharp drop in sales since the launch of Microsoft's Windows 95. Page 20

Tate gets $79m to convert power station:



London's Tate Gallery has been awarded £50m ($79m) of National Lottery money to help turn a disused power station (left) into a modern art annexe. The new gallery by the River Thames will allow the Tate to display about 1,000 20th century works, many of them currently in its vaults. It is expected to attract 3m visitors a year. Swiss architects Herzog and de Meuron will re-design the building. Page 13

RTZ to sell US silica arm: The world's biggest mining group is to sell its US Silica subsidiary to chemicals group D. George Harris. Page 22

Denmark's ISS, the world's largest contract-cleaning group, saw its shares fall 12.5 per cent after it issued a profits warning. Page 18

Anti-war manuscript for sale: The handwritten German manuscript of Erich Maria Remarque's 1929 novel *All Quiet on the Western Front* is to be auctioned in London in December after remaining undiscovered for decades.

French PM announces birth of daughter: French prime minister Alain Juppé, announced that his wife Isabelle had given birth to a baby girl, Clara, at the weekend. Clara is the prime minister's third child.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,759.09	(+17.34)
NASDAQ Composite	1,039.63	(+14.06)
Europe and Far East		
CAC40	1,795.34	(+52.96)
DAX	2,146.11	(+50.03)
FT-SE 100	3,510.0	(+12.1)
Nikkei	17,509.17	(+171.98)

■ US LUNCHTIME RATES

Federal Funds	5 13/16%
3-mth Treas Bills: Yld	5.406%
Long Bond	106 11/16
Yield	6.357%

■ OTHER RATES

UK: 3-mo Interbank	6 3/32%	(6¾%)
UK: 10 yr Gilt	103 11/32	(103 1/32)
France: 10 yr OAT	102.92	(102.89)
Germany: 10 yr Bund	100.2	(100.14)
Japan: 10 yr JGB	112.651	(112.52)

■ NORTH SEA OIL (Argus)

Brent 15-day (Dec)	$16.26	(16.32)

■ GOLD

New York: Comex		
(Dec)	$383.8	(383.9)
London:		
close	$382.1	(382.05)

■ DOLLAR

New York: lunchtime		
£	1.57735	
DM	1.4053	
FFr	4.883	
SFr	1.1351	
Y	101.565	
London:		
£	1.5771	(1.5801)
DM	1.407	(1.4006)
FFr	4.8845	(4.871)
SFr	1.137	(1.1324)
Y	101.85	(101.7)

■ STERLING

DM	2.2162	(2.2129)
Tokyo close:	Y 101.85	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$20	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft215	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw110.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	Sk60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	Kc55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta250
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Peso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 4.20	Syria	S£50.00
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)		Tunisia	Din1.500
France	FFr11.00	Lebanon	US$1.50		Es230	Turkey	L60,000
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00

German SPD sparks row over monetary union

Government attacks single currency stance as 'cheap populism'

By Peter Norman in Bonn

Germany's opposition Social Democratic party was yesterday accused by the government of raising doubts about European integration by appearing to withdraw support for economic and monetary union.

Mr Rudolf Scharping, the SPD leader, had appeared dismissive of Emu at the weekend. And one of his main critics inside the party, Mr Gerhard Schröder, the prime minister of Lower Saxony, was reported yesterday as saying he wanted to make the planned loss of the D-Mark a national political issue.

Mr Klaus Kinkel, Germany's foreign minister, yesterday accused both men of "cheap populism". By calling Emu into question, they were questioning the entire process of European integration, he said.

Mr Kinkel, a Free Democrat member of the government, said Germany needed the single currency to complete the single market. The alternative would be a falling back into protectionism and the Europe of the 1930s.

Mr Peter Hintze, the general secretary of Chancellor Helmut Kohl's Christian Democratic Union, warned that the SPD would make a "serious historical mistake" if it abandoned the European idea.

Mr Helmut Haussmann, the FDP's European policy spokesman in parliament, said the two SPD politicians were pursuing a "kamikaze policy" that would drive Germany into isolation.

Mr Scharping was criticised in particular for dismissively referring to Emu as "some idea or other". But the most bitter comments were reserved for Mr Schröder, who, according to the weekly magazine Der Spiegel, last week told a private meeting that Emu and the future of the D-Mark could generate "a huge controversy" in the next German general election in 1998.

Attempts by the offices of the two SPD politicians to clarify their comments yesterday indicated that, instead of finding an issue on which they could agree, they were as far apart on Emu as on other important political matters.

Yesterday Mr Scharping was on a visit to Israel. But his office in Bonn insisted the SPD leader was "a convinced European" and had wanted simply to underline that it would be wrong to give up the D-Mark for a European currency that was less stable.

An official described his dismissive remarks about Emu as a lapse. However, the press office in Mr Schröder's regional government in Hanover showed no such qualms about his reported remarks, saying the Spiegel account reflected his views.

Meanwhile, Mr Scharping's weekend remarks were criticised as being "totally incomprehensible" from within his own party.

Major and Chirac take big step towards a common defence policy

UK, France agree nuclear pact

By Kevin Brown and Bruce Clark in London

The UK and France yesterday took a big step towards a common defence policy with a declaration that each would be willing to use nuclear weapons to defend the "vital interests" of the other.

The declaration followed the seventh meeting in six months between President Jacques Chirac of France and Mr John Major, UK prime minister.

In two days of talks at Chequers, Mr Major's country home, the leaders also agreed to throw their weight behind Mr Ruud Lubbers, the former Dutch prime minister, if he emerges as a formal candidate for the vacant secretary-generalship of Nato.

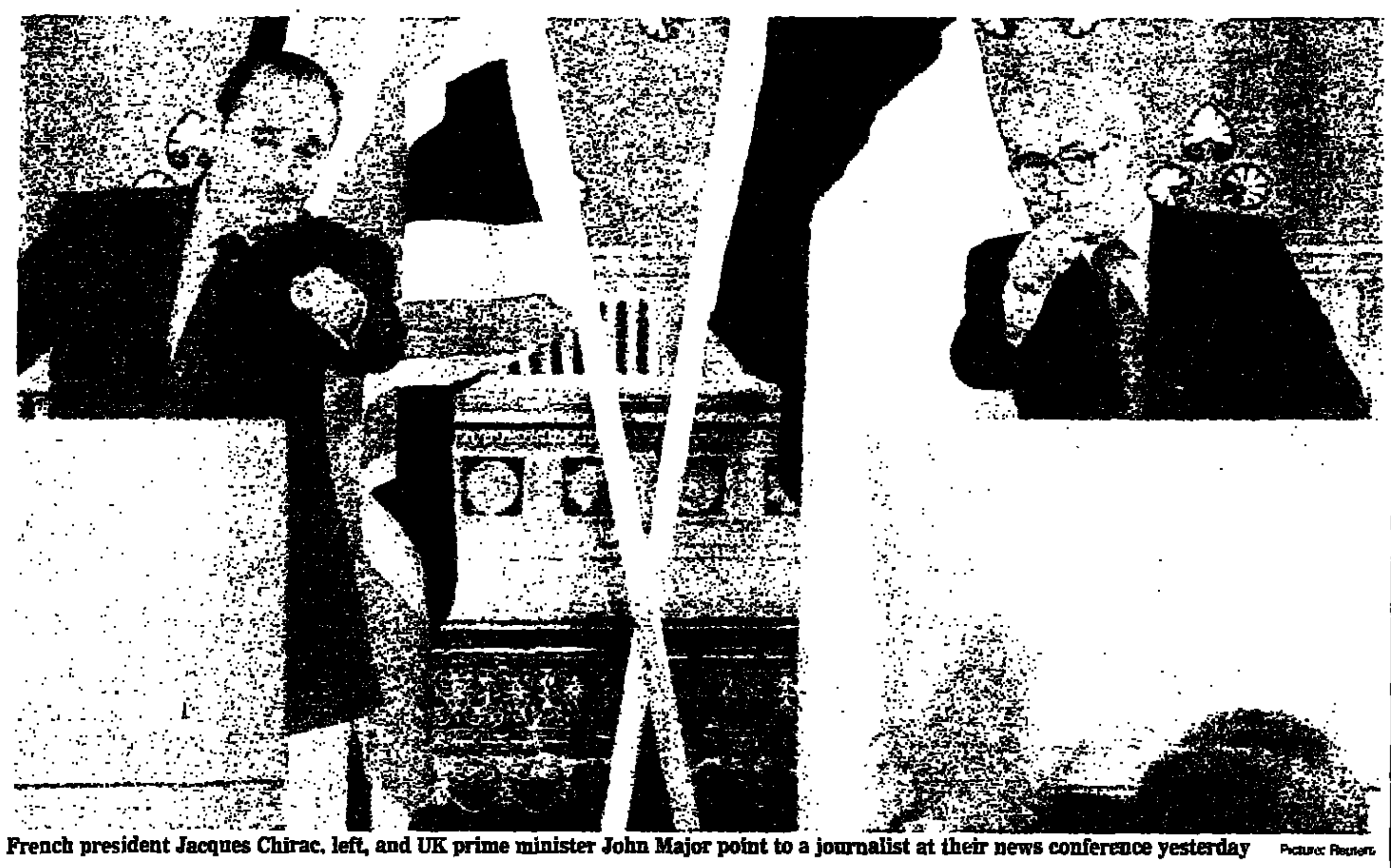
In a clear indication of the growing closeness between London and Paris, Mr Chirac told a joint press conference at the Foreign Office that "on an increasing number of subjects, we have increasingly convergent views."

British officials said the talks were exceptionally warm. "I have rarely been to a summit where it is more evident that the personal rapport between the two leaders has been so good," said a senior aide of the prime minister.

The leaders said there was "considerable" convergence between the two countries on nuclear doctrine and policy, which govern the circumstances in which nuclear weapons might be used to deter an attack.

"The president and I have concluded that the vital interests of one country cannot be threatened without the vital interests of the other being at risk," said Mr Major. President Chirac said it was impossible to imagine a conflict in which France and Britain would be on different sides. "I think we should draw some conclusions from that," he said.

In a statement, the leaders said they would "pursue and deepen nuclear co-operation" through the Franco-British Joint Nuclear Commission as a way of strengthening the European contribution to overall nuclear deterrence.



French president Jacques Chirac, left, and UK prime minister John Major point to a journalist at their news conference yesterday   Picture: Reuters

Closer on nuclear weapons ......Page 9
Editorial Comment ......Page 15

Both stressed that nuclear forces would remain independent. However, Mr Major said that the declaration was intended to "exemplify the increasingly close co-operation we have on defence matters."

A commission of defence experts from both countries is believed to have agreed on a broad approach to nuclear deterrence that would involve the use of a low-yield "warning shot" ragainst an advancing aggressor.

The shot would be fired as soon as either country's "vital interests" were threatened, adding weight to the leaders' statement that the vital interests of the UK and France are nearly indistinguishable.

France has said in the past that an attack on Germany would be virtually tantamount to an attack on its own territory, but had never before used a similar formula with respect to Britain.

Officials said the leaders largely avoided discussion of economic and monetary union, although Mr Chirac reaffirmed France's determination to reduce its budget deficit sufficiently to meet the convergence criteria by 1999. He appealed to the UK not to remain "on the sidelines" but added Europe must "respect" the British government's desire to leave the decision on single currency membership to the next parliament. He also offered a sideswipe at Conservative Eurosceptics. Mr Michael Portillo, defence secretary, smiled weakly as Mr Chirac dismissed Euroscepticism as "a fad."

The leaders said they would accelerate co-operation between conventional armed forces, work more closely against terrorism and drug smuggling, and push ahead with plans for a European "conflict resolution" initiative in Africa. Mr Major offered strong support for the French government's deciston to test nuclear devices in the South Pacific.

Software groups hail piracy win in China

By Louise Kehoe in San Francisco

Microsoft, Novell and Autodesk, the US software companies, have won a significant victory in China after a Beijing court ruled that a software distributor infringed copyright by copying the companies' programs.

Juren Computer, one of China's largest distributors of software, was found guilty of selling pirated copies of popular personal computer programs. The decision was seen as a sign that the Chinese government is sensitive to US claims that software piracy is rampant in China.

The US Business Software Alliance, an industry group which pursues software pirates, has put pressure on Chinese authorities to curb sales of illegally duplicated software. The BSA says about 98 per cent of software packages sold in China are illegal copies and estimates annual losses to US software companies at about $350m.

"We are extremely pleased with the decision," said Ms Stephanie Mitchell, vice president of BSA. "This was one of the most blatant cases of software theft we have uncovered and we hope the judgment for damages will be a heavy one."

The Beijing Intermediate People's Court, in a decision earlier this month, found that Juren Computer had unlawfully duplicated and distributed Autocad, Lotus 1-2-3, Windows 3.0.

Continued on Page 16

RJR Nabisco faces growing pressure to spin off food arm

By Maggie Urry in New York

Mr Bennett LeBow, a US leveraged buy-out investor, has increased the pressure on RJR Nabisco to spin off its Nabisco food business to shareholders, keeping the RJ Reynolds tobacco activity.

He said such a spin-off would increase shareholders' value "by as much as 50 per cent".

Mr LeBow threatened to solicit shareholders to demand a spin-off if the company did not agree to do so promptly, and said he would put forward candidates for election to the board at the annual meeting due next April.

Mr LeBow, who has been joined by Mr Carl Icahn, another leveraged buy-out investor, yesterday wrote to Mr Charles Harper, chairman and chief executive of RJR. The letter discloses that the two investors hold 13m RJR shares, 4.8 per cent of the common stock in issue, worth $400m. They claim this makes them jointly the second largest stockholder.

The attack on RJR, as well as Mr Kirk Kerkorian's pursuit of Chrysler Corporation this year, marks a revival of the late 1980s phenomenon of the corporate raider. RJR was the subject of a $25bn leveraged buy-out in 1989.

In January this year RJR floated a 19.5 per cent stake in Nabisco at $24.50 a share. The float was structured to allow RJR to spin off the remaining

Lex ......Page 16

Nabisco shares at a future date on a tax-free basis.

Mr LeBow's letter said: "If the company unequivocally commits to effect a spin-off promptly, we will happily terminate our solicitation of stockholders." He added that other RJR investors had indicated support for a spin-off.

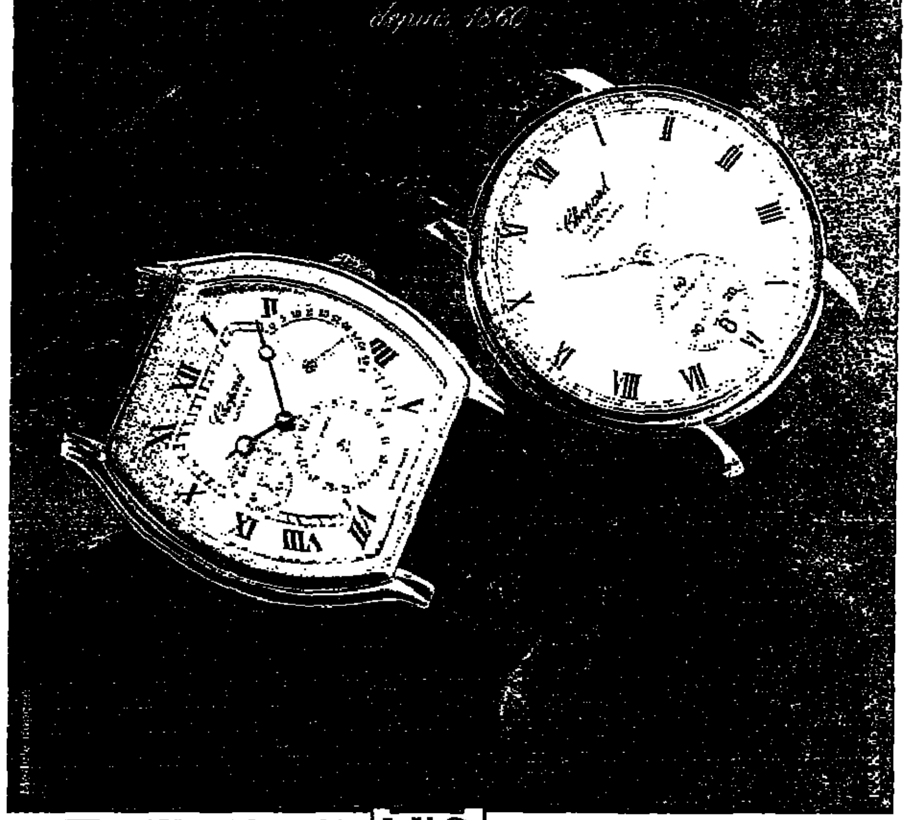
In an interview, Mr LeBow said he and Mr Icahn had the interests of all shareholders at heart and said "we will not accept greenmail" – the practice also prevalent in the 1980s where corporate raiders are recompensed by companies for ending their involvement.

RJR did not comment on the letter but reiterated previous statements that it would not go ahead with a spin-off until at least 1997, and not until 1999 if such a move would cut its debt rating below investment grade.

It also said that litigation faced by the tobacco business meant that "the environment was not conducive to a successful spin-off".

RJR's shares rose $⅞ to $30⅝ in early trading yesterday, having fallen by more last week when the group predicted disappointing earnings for 1996. Nabisco's share price was up $⅝ at $27⅝. Shares of Brooke Group, Mr LeBow's vehicle, rose $1⅛ to $8⅞.

Earlier this year Mr LeBow suggested that RJR should merge its cigarette side with Brooke Group's Liggett tobacco business subsidiary. RJR rejected the suggestion.



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Strike at Iberia may hit aid plan

By Tom Burns in Madrid

Iberia, Spain's debt-ridden state airline, faces potentially crippling strike action tomorrow just as it approaches the final lap of tortuous negotiations with the European Union over a fresh injection of public funding.

A 24-hour walk-out by the Iberia pilots, the first of eight one-day stoppages scheduled for November, is expected to ground some 70 per cent of the company's 500 daily flights and is likely to damage its already weak balance sheet.

The dispute, which was likened to "shooting ourselves in both feet at the same time" by an Iberia management spokesman yesterday, comes at a time when Iberia is bracing itself for a sharp reduction in the flow of fresh funds it had asked Brussels to authorise. The airline is now preparing for asset sales to compensate for the shortfall in its requested capitalisation.

Last month Iberia's chief executive, Mr Juan Sáez, told the European Commission: "We are not in a bankrupt situation but we are not far from one." His comments reflected growing management apprehension over fitful negotiations with Brussels since the beginning of this year that link authorisation for new public funding totalling Pta130bn ($104bn) to a wide-ranging agreement with the airline unions on pay cuts and redundancies.

The Commission is likely to rule on Iberia's request within the next two weeks and the airline's management expects to be told that it will be allowed to inject only Pta100bn into the company, and that half of this sum must be raised through disposals. The industry minister, Mr Juan Manuel Eguiagaray, is seeking the sale of part of Iberia's 85 per cent stake in Aerolineas Argentinas to a group of Argentine and Spanish investors.

The negotiations have tried the patience of Iberia's pilots, who are held to be among the best paid but least productive in the European airline industry. The pilots accepted pay cuts of up to 15 per cent in the restructuring agreement at the end of last year, but they are now demanding that the company makes up their lowered pay packets because it has failed to deliver a programme to ensure the airline's viability.

The stoppages could cost Iberia close to Pta5bn in lost revenue, and reverse gains that had created operating profits of Pta25.4bn at the nine-month stage. Debt servicing charges, which lie at the root of Iberia's problems, total some Pta2bn a month but Iberia had hoped to halve last year's losses of Pta41.5bn with pay cuts and more business.

Paris bolsters police in riot areas

By John Ridding in Paris

Police forces in problem areas of French cities are to be reinforced and issued with improved equipment in response to a rise in urban violence, the Interior Ministry said.

A ministry official confirmed yesterday that the ranks of the anti-crime brigades (BAC) would be strengthened in deprived suburbs and that police in sensitive districts would be issued with flak jackets, faster vehicles and, possibly, guns which fire rubber bullets.

The move follows rioting last weekend in Mulhouse in eastern France, where cars were set on fire, and clashes with police in the Paris suburb of Seine-Saint-Denis.

Police officials have pointed to a growing use of guns in urban crime. A report by the intelligence division of the Interior Ministry cited more than 150 firearms incidents in the first eight months of the year. "The use of firearms has become more common in districts affected by urban violence, notably in the Paris area," the report said. The wounding of a policeman by gunfire in a western suburb of the capital last Friday was the most recent example, adding to pressure for improved security.

The violent incidents of recent weeks are partly attributed to a security clampdown in the wake of several terrorist attacks in France.

These bomb attacks, linked to the civil war in Algeria, have brought increased police patrols in urban areas and stop-and-search operations by security forces.

The increased police activity has exacerbated strains resulting from high levels of unemployment and poor relations between the police and immigrant communities.

Mr Jacques Chirac, France's Gaullist president, made urban problems an important issue in his election campaign earlier this year. He pledged improved security, but also emphasised that he would push for social policies aimed at defusing tensions. Speaking at the weekend, he said: "There are zones where we must hold out our hand."

However, referring to the new police measures, Mr Eric Raoult, the minister for integration and the fight against exclusion, added: "We must not let our hand be bitten." Mr Raoult and other ministers in the conservative government of prime minister Alain Juppé are preparing a national plan aimed at promoting economic and social development in deprived urban areas.

One government official said that while urban violence had become an increased public concern, the problem needed to be put in perspective. "We are not in a situation like the Bronx," he said, adding that France has previously suffered from sporadic bouts of riots and urban unrest.

The official accepted, however, that some of the recent events had been more violent than in the past and that the use of firearms appeared to be on the rise.

Le Pen's three mayors raise fears

French parties are seeking ways to counter the National Front, writes **David Buchan**

The prospect that France's far-right National Front movement may be gaining further ground since its local election successes in June is striking a chill into the country's traditional parties.

Mrs Martine Aubry, a leading Socialist luminary and daughter of Mr Jacques Delors, has just co-authored a new book telling the left how to combat the NF, while the Communist party last week launched an internal debate into how to stop the NF making inroads into its support.

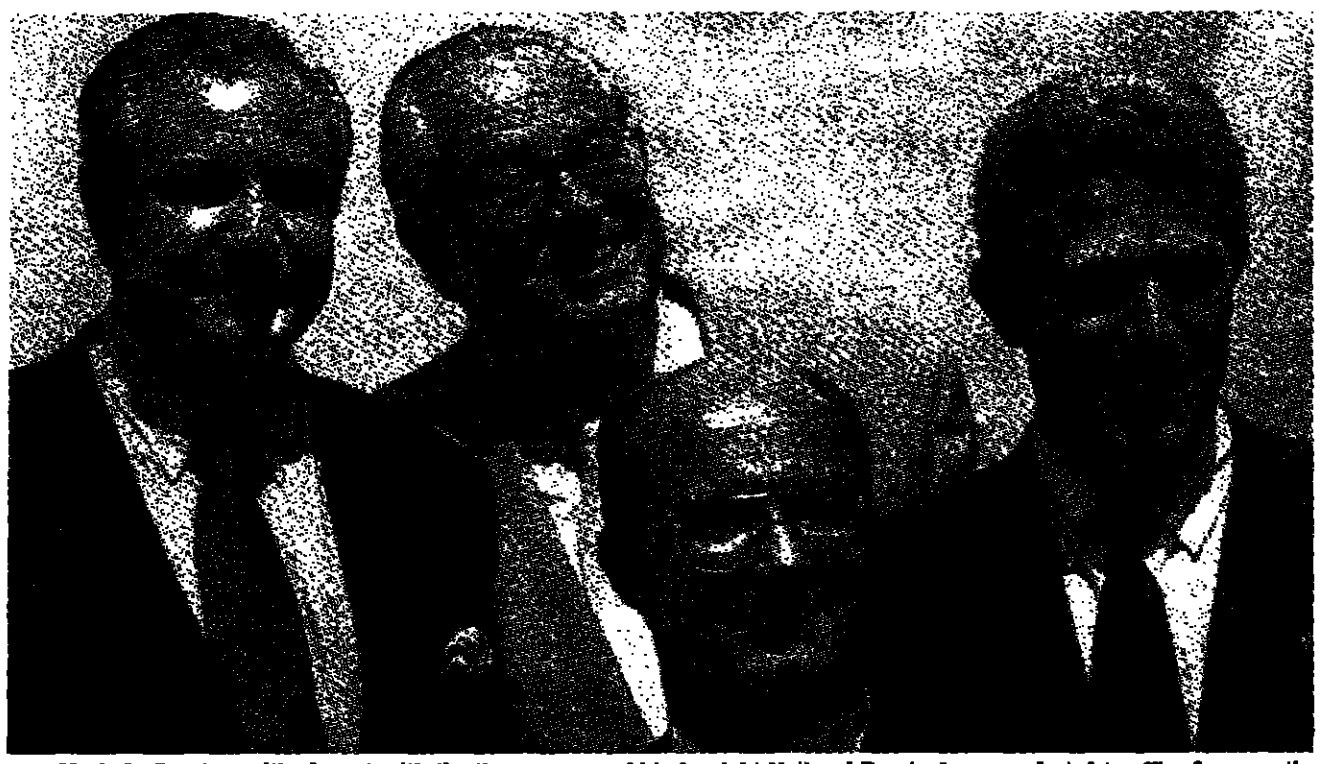
Even within the ruling centre-right coalition, some express fears that the government is playing into the NF's hands with its plan to counter Islamic fundamentalist terrorism by putting soldiers as well as more police on city streets.

Crucial to any increase in the NF's standing is the performance of its new mayors in the southern cities of Toulon, Orange and Marignane. Their election victories last June have given the movement of Mr Jean-Marie Le Pen its first taste of executive power. If the mayors are successful they will give a further boost, and legitimacy, to a party which already appears to be thriving in the current climate of slowly-falling unemployment and fast-rising xenophobia.

But the mayors are walking a tightrope. On the one hand, they may be pushed by their own supporters to put an NF stamp on their cities and to mark their difference with the traditional politicians they ousted. On the other hand, they know that all their opponents, including President Jacques Chirac who has a consistent anti-NF record, are watching them for any slip.

According to the CCFP, a national body which monitors political campaign finance laws, Mr Jean-Marie Le Chevallier, mayor of Toulon, has already slipped up.

It complained last week that Mr Le Chevallier, like several dozen mayors of all political persuasions, improperly allowed the treasurer of his campaign to run on his list in June. The case, which is all the more controversial because the treasurer in question died in mysterious circumstances in late August, will go before a local tribunal. The tribunal could bar Mr Le Chevallier from office for a year, or order a fresh election in the city. There is thus the outside possibility of the NF losing the biggest prize it won in June.



Jean-Marie Le Pen (top with glasses) with the three mayors of his far-right National Front who were elected to office four months ago: (left to right) Jean-Marie Le Chevallier of Toulon, Jacques Bompard of Orange and Daniel Simonpieri of Marignane Reuter

It is no accident that the NF's successes have come in the south, with its relatively high level of North African immigration.

All the NF mayors have, however, been very careful so far to pay lip service to national anti-discrimination laws, precisely because they know this is where they are the most suspect. Nationally, Mr Le Pen campaigns on the slogan of a *préférence nationale* or *française*, meaning priority for French over immigrants in housing, jobs, welfare.

But Mr Daniel Simonpieri, mayor of Marignane, an industrial town of 33,000 beside Marseilles airport, says he himself never campaigned on such a slogan. Even Mr Jacques Bompard, mayor of Orange and more bombastic than his Toulon and Marignane counterparts, prefers to talk of a *préférence orangeoise*.

Mr Le Chevallier, who was Mr Le Pen's chief aide for several years, does not back away from his party leader's words. "But you have to make a distinction," he says, "between a desire to change the law – which does not sufficiently favour the French – and the obligation for an elected mayor to respect the existing law".

A complaint has surfaced about the way in which a municipal worker of North African origin has recently been switched from working in the Toulon archives to the city's sanitary department. But Mr Le Chevallier rejects any charge of discrimination, and affirms his duty to be the mayor of "all the *toulonais*" and "a pacifer, not a detonator" of the city's social problems.

Within their mayoral powers, the NF mayors are pursuing a strategy of reducing debt, beefing up their police forces and supporting cultural events which are "more popular and less elitist". Having themselves never been subjected to the temptations of office, the NF mayors complain of the extravagance, not to say corruption, of their predecessors.

Security is a predictable concern of the NF mayors, who are keen to increase the number of municipal police (as distinct from the national police, which though based in their cities, do not come under their direct control). Mr Le Chevallier has already increased the Toulon municipal police from 20 to 35 and plans to double their number next year, while Mr Simonpieri has increased his local force from 26 to 32 and ordered it to crack down harder on crime. "In the past two months, they have made as many arrests as in the whole of 1994," he says proudly.

Culture has borne some of the cost of this. Mr Bompard has cancelled Orange's FFr1m ($200,000) subsidy to the Chorégies opera festival, held each July in the city's Roman amphitheatre, after the festival departed from its usual custom of letting the mayor preside over its organising committee. The national Culture Ministry has almost gleefully stepped in to pay the subsidy.

But the NF mayors' success or failure will turn less on culture than on the core issues of economy, security and integration.

Here their policies have so far been masked by the shift to a more penny-pinching, security-minded mood in the rest of the country. Any relaxation in that national mood will, however, leave the NF mayors more exposed on their high-wire.

Music industry seeks rights on superhighway

By Emma Tucker in Brussels

Europe's multi-billion dollar recording industry has urged the European Commission to help it protect copyright from the threat mounted by new digital broadcasting technologies.

Leaders of Europe's big recording companies say illegal "perfect quality" copying of musical and other broadcasts could drastically erode the industry's ability to recoup investments, currently made via royalty fees.

In response to a consultation on copyright launched by the Commission in July, the International Federation of the Phonographic Industry (IFPI) argues that the recording industry should be given new rights of control over uses of its works on the information superhighway. "We want to be in a position to charge people for the copies they are making," said an industry source yesterday.

The Commission's consultation marked a recognition in Brussels of the need to create a European legal framework to protect copyright for musical artists, record producers and broadcasters. The consultation – to which responses were due this week – is likely to lead to a series of revisions to existing EU legislation.

The record industry believes action is necessary to ensure that:

- Record producers must have an exclusive right to control all broadband transmissions of their recordings on the information superhighway. Broadband can be used for high-quality transmissions of items such as pop videos. At present, in most EU countries, the industry is paid fixed rates by broadcasters, but has no control over the use of its works. It argues that this arrangement will be unusable in the digital era.
- An end to exemptions from record producers' exclusive rights over the reproduction of their works. In most EU countries private copying by consumers is allowed on the basis of "levies" charged on blank tapes and video cassettes. IFPI argues that this exemption must end, as the digital era will allow private consumers to make perfect copies and retransmit them on a mass scale.
- Measures to give legal force to systems being developed by which reliably identify an original piece of work; and to force software, hardware and telecoms operators to develop new encryption systems, which prevent copying.

IFPI was vague about how private copying might be prevented but said the technical means to control illegal copying now existed. Rather than translating the patchy "levies" system to the electronic network, other methods such as the issuing of smart cards, subscription rates or encryption mechanisms would be more appropriate.

Swedes in N-power dilemma

Christopher Brown-Humes reports on the phasing out of nuclear plants

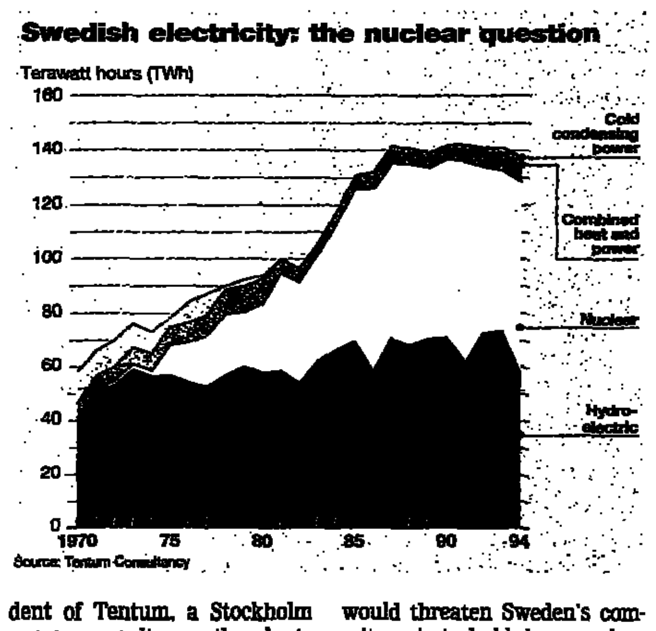
Sweden is about to confront the consequences of a 15-year-old promise to decommission its 12 nuclear power plants by the year 2010. The stakes could hardly be higher: nuclear power meets about half the country's electricity needs and replacing the facilities could cost up to SKr350bn ($52bn).

"This is the single most important and difficult issue facing the Social Democratic government," says Mr Sigfrid Leijonhufvud, author of the book *A History of Swedish Nuclear Power* and a senior commentator with Svenska Dagbladet, one of Sweden's leading quality newspapers. "Decommissioning by 2010 would jeopardise the whole of the government's efforts to clean up the state finances."

The rejection of atomic power dates from 1980 when Swedes, voting in the aftermath of the Three Mile Island disaster in the US, decided to dismantle their nuclear industry. Parliament chose 2010 as the final cut-off because it assumed the plants had a technical lifespan of 25 years and the last Swedish reactor was due to come on stream in 1985.

Already, however, the timetable has gone awry, with a late 1980s commitment to decommission two power plants in the mid-1990s being side-stepped. But the issue cannot be dodged any longer: an all-party energy commission, which has specifically addressed the issue, presents its findings on December 1 and many politicians are clamouring for action.

Pure economics argues against the premature closure of any reactor. According to says Dr Karl-Axel Edin, president of Tentum, a Stockholm energy consultancy, the plants are nowhere near the end of their technical lives and are among the safest in the world. If a more realistic technical life-span of 40 years, rather than 25, were assumed, the first reactor would not have to be closed until 2012, he says.



But if the plants are shut, replacement costs would be huge. Even the minimum estimate of SKr100bn would be enough to frighten financial markets and could single-handedly derail Sweden's efforts to qualify for membership of European economic and monetary union. While Sweden hopes to stabilise its total public sector debt this year, that would still be at 85 per cent of gross domestic product, compared with the Emu "convergence" criteria of 60 per cent.

Coal and gas would be the cheapest alternatives but would threaten Sweden's commitments to hold down carbon dioxide emissions. Relying on renewable sources of energy – such as wind, solar power and biomass – would be far more costly because they are not as commercially viable as expected at the time of the referendum. An expansion of hydro-power capacity, the country's other main electricity source, appears to be ruled out by the refusal to dam more rivers.

Dr Edin says the economic arguments are so powerful that no reactors may be decommissioned before 2010. Many industrialists, who fear a surge in Sweden's presently low electricity prices, and the trade unions, who fret about a worsening of the 12 per cent unemployment rate, will hope he is right.

But there is significant popular support for a phase-out in a country of strong environmental idealism, particularly among public sector workers, women and leftwing voters. There is also significant political backing for decommissioning, including that of Mr Ingvar Carlsson, the Social Democratic prime minister, who plans to step down next March. The Centre party, on which the minority government relies for informal support, and two other parties, the former communist Left party and the Green party, all strongly oppose nuclear energy.

Finding middle ground will not be easy. Although nearly everyone now accepts that some reactors will continue beyond 2010 – even the Left party says it will compromise – the "anti" camp is equally determined that some reactors should go before that date.

This creates a dilemma for the Social Democrats, many of whom are convinced by the economics of the case. They cannot form an alliance with the conservatives and liberals to keep all the plants beyond 2010 because that would be political suicide. But they cannot agree either to the closure of, say, six reactors because that would be too costly. A compromise around two or even four reactors might be possible, if – and it is a very big if – the Centre party could accept it.

Then there is the question of which reactors to close.

The divisions are deep enough to suggest that no clear line will emerge from the energy commission, although it is expected to detail the costs of the various alternatives. But its report will unleash intense debate and a search for cross-party agreement.

EUROPEAN NEWS DIGEST

Tudjman set for big poll win

The ruling Croatian Democratic party (HDZ) of President Franjo Tudjman took a strong lead yesterday as votes were counted after Sunday's parliamentary elections. The HDZ, which guided the country to independence from Yugoslavia in 1991, had 44 per cent of the vote with 70 per cent of ballots counted, the election commission said. Council of Europe observers said the vote was mostly fair.

The election, seen as a referendum on Mr Tudjman's fervent nationalism and get-tough policy against separatist Serbs, was expected to have a strong effect on peace talks starting today in the US. Mr Tudjman will be present, with his new mandate behind him, along with his Serbian and Bosnian counterparts.

The Croatian leader, who campaigned heavily on behalf of his party although he was not up for re-election, made eastern Slavonia a central election issue. He vowed to take this last piece of Croatian territory held by separatist Serbs by force if internationally mediated talks aimed at peacefully reintegrating the region failed.

It was not immediately clear how many seats would be won by the HDZ, which held almost two-thirds of 138 seats in the outgoing parliament. *Zagreb, Reuter*

Dutch absolve Srebrenica troops

The Netherlands yesterday absolved its UN troops in the former Yugoslavia for the fall of Srebrenica, a UN "safe area" for Bosnian Moslems, and blamed the international community at large for failing to halt ethnic cleansing.

The Dutch battalion, known as Dutchbat, has attracted criticism for failing to prevent the suspected execution of thousands of Moslem men following Srebrenica's capture by Bosnian Serb forces in July. However, Mr Joris Voorhoeve, defence minister, said: "What failed is the international community's policy for stopping atrocities in Bosnia."

In a report to parliament, the Defence Ministry said "several thousand" men may have been killed by Bosnian Serb forces. This figure and further evidence, based on debriefings of 460 Dutchbat soldiers, would be passed on to the UN war crimes tribunal for the former Yugoslavia in The Hague. The ministry described the Dutch peace-keepers as suffering from severe shortages of fuel, food and ammunition on the eve of the Bosnian Serb onslaught. *Ronald van de Krol, Amsterdam*

Paris acts to defend Strasbourg

France is preparing to take the European Parliament to court over the assembly's decision to reduce the number of sessions it holds in Strasbourg, Mr Michel Barnier, France's European affairs minister, said yesterday. A parliament decision to cut the number of sessions from 12 a year to 11 broke an agreement struck in Edinburgh during the December 1992 European Union summit, he said. Mr Barnier added that France would also push during the inter-governmental review of the Maastricht treaty starting next year to get the agreement on the number of sessions pulled into the treaty itself rather than remaining as a protocol to it.

European Parliament deputies, who now also have a second home in Brussels, have been trying to circumvent the Edinburgh agreement, which entails a costly paper trail each month as mountains of documents are shipped between the Belgian capital and Strasbourg. However, France – which has no other money-spinning EU institution – is equally adamant it should not lose the parliament at all, let alone through a process of gradual erosion. *Reuter, Luxembourg*

Compromise on Russian budget

Officials from the Russian government and parliamentarians yesterday reached a compromise which could smooth the passage of the 1996 budget by the legislature later this year.

Reformers in the government are eager to secure approval for the budget before parliamentary elections, scheduled for December 17, because of fears that communists and nationalists could win a majority at the polls.

Agreement was reached to base the 1996 budget on a forecast of 1.9 per cent monthly inflation. In the draft budget it submitted to parliament earlier this month, the government made its calculations based on inflation being 1.2 per cent each month, a rate MPs rejected as overly optimistic. Inflation last month was 4.5 per cent. The forecast inflation rate in the 1996 budget has been carefully watched because the government used an overly optimistic inflation estimate in the 1995 budget to ensure tight fiscal and monetary policies. Higher inflation boosted revenues in nominal terms, but the government has not adjusted expenditures to keep up with inflation. *Chrystia Freeland, Moscow*

World Court opens nuclear case

The International Court of Justice in The Hague yesterday opened two weeks of public hearings into the legality of using, or threatening to use, nuclear weapons.

The case, brought by the World Health Organisation and the UN General Assembly, is expected to lead to an advisory opinion later this year or in early 1996. The court, also known as the World Court, has no power to enforce its advice, but a ruling against the legality of nuclear weapons could increase moral pressure on nuclear powers to disarm.

The WHO asked the court to rule on whether, "in view of the health and environmental effects", a country's use of nuclear weapons would be in breach of its obligations under the WHO constitution. The case has prompted written statements from 35 countries, including France, Russia, the US and the UK. Australia argued at the hearing that the court should decline to give its opinion because the subject was so broad. *Ronald van de Krol, Amsterdam*

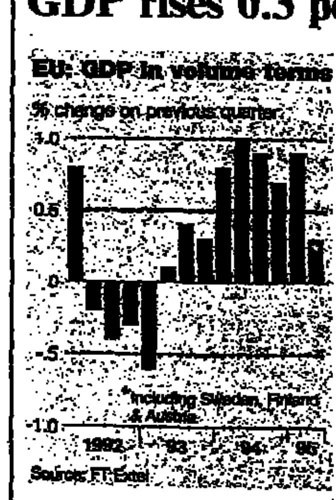
Request to sue Chirac rejected

A court yesterday rejected a lawyer's request to sue President Jacques Chirac in a controversy over a flat he has been renting from a housing company since he was mayor of Paris.

Mr Pierre-François Divier, a lawyer working on behalf of Ms Evelyn Ferreira, an ecologist acting in her role as a taxpayer, had appealed to the administrative court to allow an inquiry into the matter. But the court said Mr Divier was not authorised to sue Mr Chirac for damages, a legal action that would have triggered a judicial probe. The case centred on whether Mr Chirac wrongly interfered at the time of the purchase by a company in 1977 of the flat he rents on Paris's Left Bank. *John Ridding, Paris*

ECONOMIC WATCH

GDP rises 0.3 per cent in EU



The gross domestic product of the 15-nation European Union rose by 0.3 per cent in the second quarter of this year, according to figures from Eurostat. This compares with 0.9 per cent in the first quarter. GDP rose 2.7 per cent in the year to June 1995. Without the new member states, quarterly GDP would have increased by only 0.2 per cent – Sweden had the largest quarterly increase at 1.2 per cent, with Finland up 0.6 per cent and Austria up 0.5 per cent. Only Italy and Denmark recorded negative growth rates in the second quarter: down 0.4 per cent and 0.5 per cent respectively. *AFX-Extel*

■ Belgian year-on-year headline inflation rose slightly in October to 1.22 per cent, up from 1.19 per cent the previous month and 2.12 per cent in October last year, according to economics ministry figures.

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MEPs warned over accord with Turkey

By Lionel Barber in Luxembourg and John Barham in Ankara

The European Commission yesterday warned the European Parliament that failure to approve the EU-Turkish customs union in December could generate an anti-western backlash in Turkey. Mr Hans van den Broek, EU commissioner for external political affairs, cautioned MEPs not to press Ankara too hard on its human rights record.

The customs accord is viewed as a central plank in EU/US efforts to anchor Turkey in western Europe. Mrs Tansu Çiller, who heads a caretaker coalition government, has made it a foreign policy priority but faces pressure from conservatives fearful of a relaxation of anti-terrorist laws.

Last week, Turkey freed two jailed Kurdish MPs serving 15 and 7½ years, but upheld 15-year sentences for four others found guilty of aiding Kurdish guerrillas.

The Turkish parliament also voted in favour of amendments to Article 8 of the constitution,

Tansu Çiller: EU customs deal a foreign policy priority

the anti-terrorist law under which many Kurdish separatists and sympathetic supporters are held.

Mrs Pauline Green, leader of the European parliament's Socialist group, has said she is "bitterly disappointed" by the decision to keep the four other MPs behind bars.

"I don't think this should be be seen as pressure or blackmail [against the European Parliament] but a sober judgment based on experience," said Mr van den Broek yesterday.

He was speaking after a meeting between EU foreign ministers met Mr Coskun Kirca, Turkish foreign minister, in Luxembourg to wrap up technical details of the customs accord, as well as an Ecu355m ($476m) financial aid package which will be supplemented with European Investment Bank loans of between Ecu1bn and Ecu1.5bn.

However, the meeting left open questions about policy toward Turkey should MEPs fail to muster a majority in the parliamentary vote scheduled in mid-December.

A senior EU diplomat said one option was to delay the vote in the hope that the Ankara government would release more detainees held under Article 8. "We think it may be better to put off the vote than have a vote which is negative," said the diplomat, reflecting the widespread view that this could be a way of saving face for the EU, Turkey and the parliament.

But Mr Javier Solana, Spanish foreign minister, urged the European Parliament to deal with the customs accord promptly, while Mr Kirca declared: "Turkey will never seek a delay."

● Mrs Tansu Çiller announced yesterday she had reached agreement with the small Republican Peoples' party to form a new coalition government, ending six weeks of political uncertainty. No details on the new administration were available last night, although President Süleyman Demirel is expected to formally approve Mrs Çiller's new cabinet rapidly, allowing the formation of an interim government to lead Turkey to general elections scheduled for December 24.

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Prime minister Gyula Horn, instigator of a remarkable turnround, visits UK today

Hungary revived by tough medicine

The Budapest leader has developed an appetite for reform, write Anthony Robinson and Virginia Marsh

Six months ago, Mr Gyula Horn, Hungary's Socialist prime minister, faced up to the harsh reality of impending economic crisis. He appointed two highly respected bankers to top positions, accepted the need for quick action, and braced himself for a political bruising.

Today, he is in London for talks with British politicians, and his finance minister, Mr Lajos Bokros, is meeting City investors, both of them confident that the economy is enjoying a remarkably fast turnaround since emergency action was taken in March.

That package devalued the forint by 9 per cent, imposed an 8 per cent import surcharge and cut government spending. It was announced within 12 days of Mr Bokros's appointment and the return of Mr Gyorgy Suranyi as central bank governor.

The balance of payments and public finances are already looking much healthier. But the electorate is feeling the pain, many in the Socialist party feel betrayed and a bad-tempered congress looms within four weeks. Mr Horn's predicament will be immediately recognisable to Mr John Major, his UK counterpart, who is much further down the track with a similarly joyless economic recovery.

While Mr Major faces a general election within 18 months however, Mr Horn, one of the great survivors of central European politics, heads a Socialist-Liberal coalition which holds 72 per cent of seats in parliament and does not face elections until 1998.

The 63-year-old former Communist who helped turn the party's reform wing into a social democratic party, dithered for nine months after taking office last year. Foreign investors lost confidence in the face of soaring budget and current account deficits, delays in privatisation and mounting inflation.

Since March, however, he has demonstrated a determination to press ahead with the structural reforms needed to consolidate the export and investment-led recovery which followed.

"We are not taking these tough measures in order to please the International Monetary Fund but because we know that they are in our own interest. If we do not cut spending on social programmes and make savings, we will not be able to curb inflation, and our internal and foreign debt will continue to rise," he said in an interview yesterday.

This was the uncompromising line which he spelt out to Socialist MPs over the weekend. "There are serious tensions in the party and a lot of unhappy people. There was a lot of grumbling. But at the end of the day the overall majority agreed there was no alternative," he said.

What helped carry the day were the figures showing the size of the turnround. The budget deficit, which reached 9.5 per cent of gross domestic product last year, is expected to fall to 6.5 per cent this year and to 4 per cent or less in 1996. The current account deficit will drop to less than $3bn this year from $3.9bn in 1994 and fall to around $2bn in 1996. Above all, the turnaround has been achieved without sending the economy into recession. "Economic growth has not stopped. We expect 2.5 per cent GDP growth this year and no less than 2 per cent in 1996." Mr Horn said.

The main reason for the unexpectedly smooth change in the macro-economic picture, according to Mr Suranyi, is a 30 per cent rise in labour productivity over two years. "The economy has shown a high degree of responsiveness to market signals. The speed of the response surprised me."

The domestic economy, overheated last year and sucking in imports at an unsustainable rate, received two sharp blows from the March package. "The budget deficit fell from 10 per cent of GDP in the first quarter of this year to 3.5 per cent in the third quarter. At the same time, real wages have fallen by 7-8 per cent this year," Mr Suranyi said.

But strong direct foreign investment inflows, higher productivity and a devalued currency have improved the competitiveness of Hungarian exports. With investment running 7 per cent above 1994 levels and exports 18 per cent higher than in the first three quarters of this year, Hungary is enjoying an export and investment-led stimulus to compensate for the decline in domestic demand.

Mr Horn says the main challenge now is to complete privatisation by 1997, and sell off the electricity, gas and telecoms utilities. This would leave 85 per cent of the economy in the private sector, a real testament to the scale of Mr Horn's conversion to the virtues of a market economy.

Prime minister Gyula Horn: uncompromising line spelled out to Socialist party MPs Reuter

EU stalling on information superhighway, says report

By Paul Taylor in London

Europe needs a new telecommunications regulatory model if it is to avoid falling further behind North America in the race to build an information superhighway, warns a report* published today.

The report, prepared jointly by Gemini Consulting and the Economist Intelligence Unit, concludes that European national governments have neither the will nor the capabilities to create and manage truly competitive environments in their telecoms market – despite the European Union's 1998 deadline to end state-owned telephone monopolies.

"The superhighway is vital in economic, political and social contexts," said Mr Neil Barran of Gemini Consulting. "Without rapid progress towards freedom in the marketplace, Europe's ability to compete internationally as well as within the market will be damaged." However, the report warns that a truly competitive environment is unlikely to evolve in Europe in the near future because of entrenched barriers to liberalisation.

These include trade union opposition to restructuring, and governments' reluctance to surrender the hidden tax revenues they gain from the post and telephone organisation.

"The market dominance of the national telephone companies is so entrenched in most European countries that without appropriate regulatory measures, new entrants would be unable to survive," say the authors.

Even in countries like the UK where British Telecommunications has been privatised, control of access to customers through the "local loop" means it still dominates the market. "As a result, the development of Europe's information superhighway will continue to be obstructed, and therefore it is imperative for Europe to reconsider its current path towards liberalisation and look at alternative regulatory models," the report says.

One possible alternative lies in the "single wire" approach whereby every home is connected to the network by a single wire shared by all the service providers, including cable television companies, independent telephone operators and on-line services.

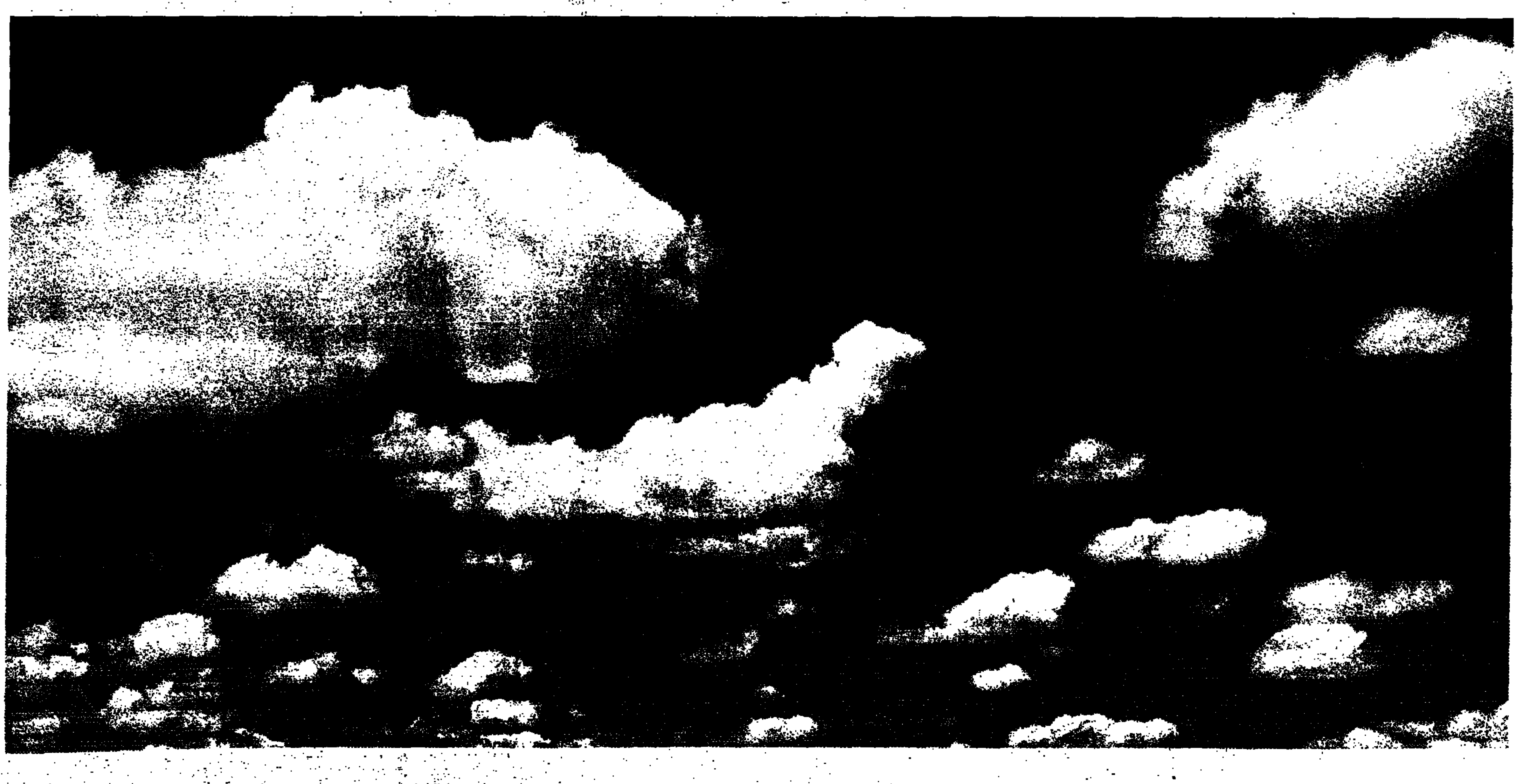
"The single wire access regime is by no means a perfect solution," said Mr Barran, "but it is an achievable transitional step to full liberalisation. It offers a way through the political, social and economic barriers of the current impasse."

The last stretch of wire entering the home represents 70 per cent of the cost of building a national network, and is therefore is a critical bottleneck preventing real competition.

"Creating a single-wire access regime would bring social and economic benefits, obviating the risk of creating large pockets of 'haves and have-nots' and diminish the dangers of dividing society," said Mr Barran.

* *Telecom Regulation in Europe: A barrier to building the information superhighway. £245 from the EIU 44 (0)171 830 1023.*

You're looking at 30,000 telephone calls in midair



Hardly anyone gives much thought to how much information reaches us day after day through the air. This applies not only to radio and television programmes, but also to the transmission of data and phone calls.

Microwave systems from Bosch quickly and reliably transmit telephone calls, data and pictures anywhere, even under inclement weather conditions. As modern digital technology can process more data continuously, microwave systems can be used more and more efficiently. A microwave link can transmit 30,000 telephone calls simultaneously, each of them in CD quality.

Bosch is one of the leading suppliers in the field of line-of-sight data transmission, and many international network operators rely on Bosch's microwave technology. For example, the rapid installation of the telephone network in Germany's new states would not have been possible without it. Shortly after the reunification of Germany, millions of people were able to phone all over the world using the Deutsche Telekom network as well as the new cellular mobile radio networks.

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Japan's car industry expects imports to double by 2005

By Michiyo Nakamoto in Tokyo

The Japanese market for imported cars will more than double by 2005, according to predictions published yesterday by an industry association.

The Japan Automobile Importers' Association, which monitors car imports, said that in 10 years the number of imported cars, excluding those from Japanese plants overseas, could more than double to 500,000 units from 210,000 in 1994.

If reverse imports from Japan's overseas plants are included, imported cars would reach that level in five years, the report said. By 2005, there was a strong possibility that all imports would raise their share of the market from 5.4 per cent to 10 per cent.

The growing success of imported cars in Japan has been spurred by changing attitudes of consumers who no longer consider imported cars as luxuries.

As prices had fallen, and foreign car makers had made efforts to adapt their cars to Japanese needs, the differences between domestic and foreign makes were being removed.

In a survey of owners of imported cars, JAIA found that 60 per cent of respondents had considered buying a domestic make before choosing an imported car.

The report paints a grim picture for vehicle production in Japan, which has been falling as the high yen, trade friction and increasing competition for world markets has forced carmakers to shift a growing proportion of production overseas.

Vehicle production has declined for the past four years from a peak of 13.5m units in 1990 to 10.5m last year, according to the Japan Automobile Manufacturers' Association. Last year, car production in Japan fell below that of the US for the first time in 15 years.

In a move that highlights the growing trend towards production outside Japan, Honda said yesterday it had halted exports from Japan of its popular Civic model to the US.

The carmaker is increasing its production capacity in North America from 610,000 units to 720,000 by 1997, where other Japanese manufacturers are also raising production.

Increased overseas production has severely affected Japanese car exports, which showed a 16 per cent drop in the first half of the fiscal year to 1.8m units, according to Jama.

Honda considers new model for Asia

By Michiyo Nakamoto

Honda, the Japanese carmaker, is considering producing a small car specifically for the Asian market, a move that could strengthen its position in one of the fastest growth markets in the world.

Honda said that it was holding talks to manufacture a small passenger car in Thailand, Indonesia, Malaysia and the Philippines.

The car, which will have an engine capacity of 1,300cc, is to be built at Honda's 100 per cent-owned facility in Thailand beginning next March.

However, Honda is talking to its partners in Indonesia, Malaysia and the Philippines, where it has a minority stake in production facilities, about the possibility of producing the new car in those countries too.

The move to produce the car in several countries in Asia, if realised, could give Honda a stronghold in the growing Asian car market.

The vehicle markets in the Asia-Pacific region are predicted to grow from 12m to 19m in the next 10 years.

Honda has a leading share of the region's motorcycle market, and expects to continue selling more motorcycles than cars throughout the decade. Honda's worldwide motorcycle production amounts to 5m units a year and, of this, 3m will be sold in China and the rest of Asia, according to Honda.

Honda sold just 100,000 cars in Asia, or less than 1 per cent of worldwide production totalling 1.9m units.

The market for passenger cars in Asia has lagged behind that of commercial vehicles, which are generally cheaper. In Thailand, for example, 350,000 out of a total market of 500,000 sales were commercial vehicles, Honda said.

A growing number of Japanese carmakers have launched passenger cars suited to the Asian market but most of these have been based on commercial vehicles. Honda, however, does not produce commercial vehicles and is concentrating on passenger cars for the Asian market.

Finance agreed for Indonesian deep sea port

By Manuela Saragosa in Jakarta

A deep sea port, expected to be the largest bulk handling port in south-east Asia, is under construction on an island off Indonesia's side of Borneo, company officials said yesterday.

The joint-venture partners yesterday signed an $80m loan agreement granted by National Australia Bank and Banque Nationale de Paris to complete the project's first stage of construction.

Indonesia Bulk Terminal, or IBT as the project is known, is expected to reduce transport costs for coal exports from smaller mining operations in Kalimantan, the Indonesian half of Borneo.

Located on the island of Pulau Laut, off the south-east coast of Kalimantan in the Makassar Strait, the terminal is being developed jointly by three Indonesian companies and a unit of New Hope Corporation, the Australian mining company. It is close to shipping routes to and from Australia, north-east Asia, Europe and south Asia.

The banks' seven-year financing facility will be used to complete a coal terminal by mid-1997 with a throughput capacity of 10m tonnes a year and facilities for vessels of up to 100,000 dwt.

Unlike the two other bulk handling ports of comparable size in Kalimantan, IBT will be for public, rather than dedicated, use.

A further $80m in financing will be needed to complete IBT's second stage of construction which will involve developing the capacity to handle vessels of up to 200,000 dwt, throughput of 24m tonnes of coal a year and facilities for other bulk commodities such as palm oil and timber product by 1999.

IBT's shareholders have invested $30m in the project which is expected to play a key role in supplying coal to the rapidly growing number of coastal power stations in Asia.

Development of the terminal was boosted earlier this year when PT Adaro, an Australian-Indonesian mining company, was enlisted to supply coal to the Paiton Energy Company, Indonesia's first large scale private power project.

Adaro, which mines coal in south Kalimantan, will be IBT's main user in the first few years. A number of IBT's biggest shareholders also have stakes in Paiton Energy.

WORLD TRADE NEWS DIGEST

Hiltons plan for Lebanon, Jordan

Hilton International is to open its first hotels in Jordan and Lebanon. Hilton secured the contract to operate the $30m Amman Hotel from Al Dawliyah, an industrial and hotels conglomerate, and the two companies are planning more hotels in Petra and Aqaba. Hilton said that business confidence in the region was increasing, with demand growing for first class hotels.

The Beirut Hilton, which was completed in 1974 just before the start of the Lebanese civil war and was never opened, is being expanded and refurbished and is due to open in June 1998.

It will follow Marriott and Inter-Continental, which are expected to open hotels in Beirut in December. Inter-Continental will also operate the Phoenicia Hotel in Beirut, which is reopening in 1997 and will also open a third hotel under its less luxurious Forum brand.

There are 2,000 deluxe hotel rooms being built or planned in Beirut, according to hotel consultants Horwath International, which said occupancy and room rates throughout the region were high. *Scheherazade Daneshkhu, London*

S Australia signs data deal

EDS, the US-based computer group, has signed a A$565m ($422m) data-processing contract with the South Australian government. The deal covers nine years, and will involve the state government contracting out all its data processing requirements to EDS. According to state officials, the arrangements should generate cost savings of A$100m over the contract's term, and will cover about 140 state government agencies.

EDS will also establish an "Asia-Pacific Resource Centre" in Adelaide, and will move General Motors Holden's data-processing from Melbourne to Adelaide. The deal, which has taken many months to negotiate, has been controversial, with critics arguing the state government is essentially "exporting" jobs to US workers. The government has argued that, aside from cost-saving benefits, EDS's presence will boost efforts to establish technology-based industry in South Australia. *Nikki Tait, Sydney*

EBRD funds Czech rail upgrade

The European Bank for Reconstruction and Development has advanced $53.6m to Ceske Drahy (Czech Railways) to finance the installation of signalling equipment on sections of the Czech Republic's main rail corridor, which forms part of the Berlin to Vienna route.

Czech Railways is upgrading the 455 km corridor, the country's most important main rail line, linking Decin in the north via Prague to Breclav in the east, near the Austrian and Slovak borders.

The upgrading is expected to allow speeds of up to 160km an hour on that section of the Berlin- Vienna line. Financing for the project is also being provided by the European Investment Bank, the Export-Import Bank of Japan, Kreditanstalt für Wiederaufbau and the European Union.

Modernisation of the corridor is one of the largest infrastructure projects under way in the Czech Republic. Czech Railways is also restructuring to cut costs and its dependency on state subsidies. *Vincent Boland, Prague*

Contracts and ventures

■ Nippon Steel of Japan has formed an $800m steel venture in Thailand with Kawasaki Steel, Mitsui, Siam Cement and seven other partners. Production of cold-rolled steel will start in 1998 at a new plant with an annual capacity of 1m tonnes, with output targeted at the local vehicle and electronics industries. *AFX News, Tokyo*

■ Mitsubishi Heavy Industries of Japan has signed a five-year licensing and technical assistance agreement with Sree Rayalaseema Power (SRPCL) of Kurnool, India for production and sales of wind turbine generators. SRPCL, with help from Mitsubishi, plans to develop and install around 23 wind-power generators at four locations in India in the next year, Mitsubishi said. Mitsubishi has already exported over 800 wind turbines to the US, Europe and Mexico. *Reuter, Tokyo*

■ UMW Holdings of Malaysia and six foreign companies have set up a joint venture for pipe threading in Vietnam. The joint venture company, CSV, will be 18 per cent owned by UMW. *Reuter, Kuala Lumpur*

■ Plastics Systems, a unit of Swedish chemicals group Perstorp, is setting up a joint venture in Thailand with Tre-Atthaboon Industry. The new company, which will invest $30m over three years, will have exclusive rights to produce and market all Perstorp's products in the area of material and waste disposal handling in Thailand. *Reuter, Stockholm*

A marriage of expertise and low labour costs

Christopher Brown-Humes reports on a Finnish electronics parts group's success in Estonia

When Mr Antti Piippo, chairman of Elcoteq Network, a Finnish electronic components group, decided to set up in Estonia in 1993 he knew he was taking a big risk. His competitors favoured the Far East as their low cost base and Estonia was in a state of turmoil after 50 years of Soviet rule.

But if ever a business gamble paid off, this one did. The group's Tallinn subsidiary has grown from 12 employees to 742 in little more than two years. It has also become Estonia's biggest exporter.

The achievement makes Elcoteq one of the best examples of successful Finnish-Estonian co-operation in the four years since Estonia gained independence from the Soviet Union. It is a classic marriage of west European expertise and low east European labour costs. And it comes at a time of rapidly developing business ties between Finland and Estonia. Finland is Estonia's biggest trading partner and more than 4,000 Finnish companies are registered as operating in the Baltic state.

Geographical proximity, the similarity between the Finnish and Estonian languages, and favourable costs were among the factors which persuaded Elcoteq to choose Estonia. Wage costs per employee are about an eighth of what they are in Finland.

But Mr Piippo says wages are not the whole story. "In Soviet times there was a huge conglomerate making consumer electronics in Estonia. So we had access to well educated and skilful people."

Today Estonia is seen as perhaps the most successful and westernised of the former Soviet states. But the months following independence, when Elcoteq was trying to get established, were not easy as the country struggled to forge a market economy and shed its Soviet ways.

The main problem was the lack of a legal infrastructure, which made everything from property ownership to employee contracts uncertain. Partly to get around these difficulties Elcoteq Baltic – the name of the Estonian operation – at first had the Estonian ministry of economics as a 40 per cent shareholder. It provided the factory on the outskirts of Tallinn and acted as a de facto guarantor of the venture's success.

The ministry later sold its stake and today the company is 70 per cent owned by Elcoteq Network and 30 per cent by Finnfund, the Finnish industrial investment unit.

There are sensitivities for Finnish companies investing in Estonia when 17 per cent of the Finnish workforce are unemployed, Europe's second highest unemployment rate after Spain.

But Mr Piippo stresses that without the competitiveness provided by the Estonian unit, the group would never have been able to expand and create new jobs back in Finland. The product of a management buy-out from the Metra industrial group four years ago, Elcoteq Network has grown from 170 employees and one factory in 1991 to 1,700 employees and six factories – and five of those factories are in Finland. "We are a Finnish/Estonian company. Both sides support each other," Mr Piippo says.

The Baltic unit is an integral part of the Elcoteq network, but a much higher proportion of manual work is carried out there than at Elcoteq's other premises. Mr Piippo stresses that quality matches the Finnish factories and there is no need for products to be checked back in Finland. A sign of the confidence is that only two of Elcoteq Baltic's employees are Finns.

The factory's entire output is exported to west European customers. In the first half of this year, exports were EKr573m (£32.7m), up from EKr438m last year.

The 40-company customer list includes Ericsson and Nokia – the Nordic region's two high-flying mobile phone giants – Electrolux, the household appliances group, and ABB, the Swedish-Swiss engineering company.

The success of these groups helps to explain Elcoteq Network's own spectacular growth, which has taken it from turnover of FM76.4m (£11.4m) in 1991 to FM462.5m last year and an estimated FM1bn this year.

"We have been lucky. Many of our customers are in areas of fast global growth, such as telecoms, information technology and electronic engineering," says Mr Piippo. He says the group has also benefited from an increased tendency among its customers to subcontract, so they maintain flexibility and keep abreast of the latest technology.

Mr Piippo is happy with the way things are going in Estonia and is looking forward to a profit from Elcoteq Baltic for the first time this year. The big difficulty, he says, is capacity. "We could double the number of our Estonian employees in a year if we could find the right facilities," he says.

Finland's trade with Baltic states

	1994 FM (m)	1993 FM (m)	1992 FM (m)	1993 % change	1994 % change
Exports					
Estonia	3376	1879	898	109	79
Latvia	789	253	200	26	211
Lithuania	411	204	124	65	101
Imports					
Estonia	1120	759	546	39	47
Latvia	161	131	77	70	22
Lithuania	127	79	44	80	60

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OFFICE OF THE REGULATOR-GENERAL

PROVISION OF ECONOMIC CONSULTING SERVICES

The Office of the Regulator-General is responsible for administration of regulatory frameworks in Victoria, Australia, similar to Ofwat, Offer and Ofgas.

Expressions of interest are invited from appropriate firms to provide the high quality economic consulting services on issues associated with these frameworks, such as determination of capital values, economic modelling and to provide general economic advice to the Office. A good knowledge of Victoria's, interstate, national and international economic regulatory regimes is considered highly desirable.

Enquiries and copies of the brief should be directed to Mr Ian Wilson, General Manager, Business Analysis, on 0061 3 9651 0224. Submissions - due no later than 1 December 1995 - should be addressed to the Office of the Regulator-General, Level 9, 35 Spring Street, Melbourne, Australia, 3000 or Fax 0061 3 9651 3688.

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INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

UNITED STATES

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	278.6	-174.2	-163.0	0.7623	100.0
1986	231.0	-140.6	-153.4	0.9836	81.4
1987	220.2	-131.8	-144.1	1.1541	71.9
1988	272.5	-100.2	-107.4	1.1833	67.0
1989	330.2	-99.3	-94.3	1.1017	70.0
1990	309.0	-79.3	-72.7	1.2746	66.7
1991	340.5	-53.5	-8.0	1.2391	65.7
1992	345.9	-65.2	-47.5	1.2957	64.4
1993	397.3	-98.7	-85.4	1.1705	66.3
1994	432.3	-127.0	-127.6	1.1897	65.1
4th qtr.1994	110.8	-32.3	-35.1	1.2346	63.3
1st qtr.1995	111.4	-32.6	-30.9	1.2618	62.7
2nd qtr.1995	110.1	-33.1	-33.1	1.3178	59.0
3rd qtr.1995				1.3020	61.0
October 1994	35.3	-10.8	n.a.	1.2544	62.6
November	36.6	-11.5	n.a.	1.2360	63.0
December	38.9	-9.9	n.a.	1.2126	64.4
January 1995	36.8	-12.0	n.a.	1.2374	64.0
February	37.2	-10.7	n.a.	1.2465	63.3
March	37.4	-9.9	n.a.	1.3059	60.6
April	36.0	-11.1	n.a.	1.3279	58.7
May	37.6	-10.8	n.a.	1.3055	59.1
June	36.6	-11.2	n.a.	1.3192	59.0
July	35.3	-11.5	n.a.	1.3336	59.2
August	36.2	-9.9	n.a.	1.2954	61.3
September				1.2772	62.5

JAPAN

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	228.2	73.6	64.5	180.50	100.0
1986	208.9	94.2	87.2	165.11	127.7
1987	194.7	83.7	75.5	166.58	138.8
1988	218.7	79.8	67.0	151.51	153.7
1989	245.5	70.6	53.4	151.87	147.0
1990	220.0	50.0	28.5	183.94	132.5
1991	247.6	83.3	62.4	166.44	143.7
1992	254.8	102.1	90.4	164.08	150.7
1993	300.0	118.9	111.1	130.31	181.0
1994	323.5	122.5	108.8	120.99	194.9
4th qtr.1994	81.1	28.5	24.4	122.03	197.6
1st qtr.1995	82.0	27.7	22.8	121.16	202.1
2nd qtr.1995	87.5	29.1	23.4	111.31	225.3
3rd qtr.1995				122.38	203.7
October 1994	25.7	8.4	7.2	123.44	197.1
November	27.5	10.2	8.8	121.21	198.1
December	27.9	9.9	8.6	121.44	198.6
January 1995	25.8	8.4	7.6	123.32	198.1
February	28.7	9.8	8.2	122.27	198.1
March	27.4	9.8	7.0	117.86	211.3
April	29.0	8.8	8.2	111.24	226.8
May	29.0	9.9	8.0	111.17	224.4
June	29.4	10.4	9.2	111.51	225.1
July	26.8	7.9	7.2	116.38	217.2
August	28.1	9.4	9.1	122.82	202.6
September				128.19	191.6

GERMANY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	242.7	33.2	22.5	2.2260	100.0
1986	248.5	53.5	41.3	2.1279	108.6
1987	254.6	56.7	40.0	2.0710	114.9
1988	272.6	61.4	41.9	2.0739	114.1
1989	310.1	65.2	52.0	2.0681	113.2
1990	324.3	51.7	38.5	2.0537	118.1
1991	327.3	10.5	-15.8	2.0480	117.1
1992	330.5	16.6	-16.7	2.0187	120.6
1993	323.0	31.4	-13.4	1.9337	126.3
1994	358.8	37.9	-17.4	1.9199	125.6
4th qtr.1994	93.2	9.3	-4.4	1.9056	127.3
1st qtr.1995	94.4	11.8	-2.0	1.8645	131.1
2nd qtr.1995	98.9	12.6	-1.4	1.8402	133.4
3rd qtr.1995				1.8624	131.7
October 1994	30.7	3.4	-2.9	1.9072	127.3
November	31.0	3.9	0.6	1.9044	127.3
December	31.5	2.0	-2.1	1.9054	127.3
January 1995	30.8	5.0	-0.4	1.8829	128.7
February	32.0	3.8	-1.5	1.8688	130.0
March	31.6	2.9	-0.1	1.8208	134.4
April	32.9	4.6	-1.9	1.8320	134.5
May	32.1	4.1	-0.1	1.8420	132.9
June	34.0	3.9	-0.5	1.8465	132.7
July			-3.2	1.8611	133.0
August				1.8705	131.1
September				1.8858	131.1

FRANCE

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	133.4	-3.7	-0.2	6.7942	100.0
1986	127.1	0.0	3.0	6.7946	102.7
1987	128.3	-4.6	-3.7	6.9265	102.7
1988	141.6	-4.7	-3.4	7.0354	100.8
1989	162.5	-6.9	-4.3	7.0168	99.8
1990	170.1	-7.2	-7.2	6.9202	103.8
1991	175.4	-4.2	-4.9	6.9643	102.1
1992	182.5	4.4	2.9	6.8430	105.4
1993	179.8	13.3	8.0	6.6281	109.1
1994	196.8	12.9	6.6	6.5659	110.1
4th qtr.1994	52.8	4.1	1.0	6.5426	111.0
1st qtr.1995	55.0	4.7	7.0	6.5115	112.2
2nd qtr.1995	55.7	4.6	4.4	6.4802	113.2
3rd qtr.1995				6.4363	114.0
October 1994	17.4	1.6	0.4	6.5261	111.4
November	17.4	1.1	-0.4	6.5388	111.3
December	18.0	1.5	1.0	6.5612	110.7
January 1995	17.8	1.3	5.0	6.5484	111.4
February	18.6	1.6	1.2	6.5040	111.7
March	18.5	1.7	0.8	6.4841	113.3
April	18.5	1.8	1.6	6.4371	114.8
May	18.5	1.3	1.1	6.5218	112.2
June	18.7	1.5	1.7	6.4618	113.1
July	17.5	0.7	0.2	6.4424	114.3
August	18.4	1.4		6.4322	114.1
September				6.4344	113.7

ITALY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	103.7	-16.0	-5.4	1443.0	100.0
1986	99.4	-2.5	-1.4	1461.5	101.4
1987	100.7	-7.5	-2.1	1494.9	101.1
1988	108.3	-8.9	-8.0	1538.8	97.7
1989	127.3	-11.3	-17.0	1509.2	98.6
1990	133.6	-9.3	-18.0	1522.0	100.1
1991	137.0	-10.5	-17.7	1531.3	99.7
1992	137.9	-8.0	-21.5	1591.5	95.6
1993	144.3	17.9	9.7	1836.7	80.5
1994	160.1	18.6	13.1	1908.6	77.0
4th qtr.1994	43.5	4.3	3.9	1960.2	75.0
1st qtr.1995	41.1	2.9	2.1	2069.8	70.8
2nd qtr.1995	44.3	5.0	3.9	2198.2	66.4
3rd qtr.1995				2066.4	70.0
October 1994	13.9	1.6	1.1	1942.9	75.8
November	14.0	1.1	1.0	1958.1	75.0
December	15.6	1.5	1.9	1979.6	74.2
January 1995	12.5	0.6	-1.0	1992.4	73.9
February	13.5	0.7	0.8	2017.1	72.5
March	12.9	1.6	-1.9	2169.9	66.3
April	15.0	1.6	-0.7	2273.5	64.1
May	15.3	1.9	2.4	2152.6	67.4
June	16.1	1.6	2.2	2161.4	67.5
July	16.3	3.4	1.4	2146.5	68.3
August			3.0	2080.2	70.6
September				2082.5	71.0

UNITED KINGDOM

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	132.4	-5.7	3.8	0.5890	100.0
1986	108.3	-14.2	-1.3	0.6708	91.1
1987	112.3	-16.4	-7.1	0.7047	90.1
1988	120.9	-32.3	-25.0	0.6643	94.7
1989	137.0	-36.7	-33.5	0.6728	91.9
1990	142.3	-26.3	-26.8	0.7150	89.8
1991	147.7	-14.7	-11.7	0.7011	90.5
1992	145.9	-17.6	-13.4	0.7359	87.1
1993	156.1	-17.2	-14.2	0.7800	79.9
1994	173.8	-13.7	-2.2	0.7736	80.1
4th qtr.1994	45.3	-3.9	-0.7	0.7761	80.0
1st qtr.1995	46.1	-2.5	-1.5	0.7974	78.3
2nd qtr.1995	45.2	-3.9	-2.9	0.8253	75.7
3rd qtr.1995				0.8266	75.7
October 1994	14.9	-0.9	n.a.	0.7812	80.0
November	15.4	-0.9	n.a.	0.7786	80.0
December	15.0	-2.0	n.a.	0.7775	80.0
January 1995	15.3	-1.0	n.a.	0.7868	79.6
February	15.5	-0.9	n.a.	0.7923	78.8
March	15.4	-0.6	n.a.	0.8141	78.2
April	14.8	-1.6	n.a.	0.8261	75.9
May	15.2	-1.6	n.a.	0.8227	75.7
June	15.3	-1.0	n.a.	0.8271	75.5
July	15.2	-1.3	n.a.	0.8359	75.1
August			n.a.	0.8261	75.8
September			n.a.	0.8183	76.2

Due to the introduction of the Single Market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

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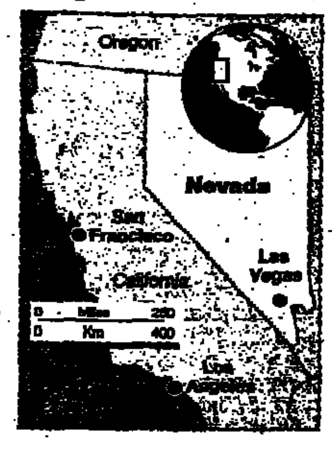
Sin City benefits from cleaning up its act

Nevada is discovering there is more to an economy than sex and slot machines, writes Christopher Parkes

There is a popular joke in quake-prone California that one of these days, when the Big One hits, Nevada's ample deserts are going to be transformed into some of the priciest beach front properties in the business.



While no-one can predict the shifts in the San Andreas fault, on which California's future may hinge, neither can anyone deny that the Nevadan economy is in the throes of an exhilarating upheaval.

There is a growing challenge to its supremacy as the gambling joint of the nation, while an extraordinary flood of immigrants is creating a boom atmosphere.

Since 1988, when Nevada and New Jersey were the only places where casino gambling was legal, a further two dozen states have moved into the market, ensuring that the gambling is not going to yield such easy or rich pickings.

Meanwhile, demographic trends in the silver state refuse to settle down: a 1989 estimate that the population of Las Vegas would reach 1.1m by the end of the century was topped this summer. According to Mr Michael Majewski, head of economic development for Las Vegas – home to two-thirds of the state's population – around 7,000 newcomers arrive each month. Most are job-seekers. Others, like the 10,000-plus pensioners who arrived from California last year, are looking for somewhere comfortable to eke out their nest-eggs.

The rate has slackened since last year, when, according to local real estate agents, Californians unsettled by riots, brush fires and mudslides were finally shaken out of their complacency and into the relative security of Nevada by the Northridge earthquake.

The housing market has also slowed. But local expert Mr Dennis Smith says new home sales are still more than 30 per cent higher than in 1993. According to his "hotness index" – the number of residential building permits issued per 1,000 population – Sin City rates 24 compared with the nearest competition, in Atlanta and Phoenix, rated 12 to 14.

Mr Robert Potts, a University of Nevada Las Vegas forecaster who enjoys complaining that he never has anything but good news to report, says the proportion of the workforce employed in construction is twice the national average.

Other employment patterns also show how the state – which has effectively evolved economically only since the war – has grown up askew. While 27 per cent of the US workforce is employed in services, the rate is 45 per cent in Nevada. Government employs 12 per cent, compared with 17 per cent elsewhere, and manufacturing accounts for a mere 4.6 per cent against 16 per cent for the nation as a whole.

Now, with a population of some 1.5m, the state is "starting to show up on people's radar screens", in the words of Mr Peter Thomas, chairman of the Nevada Development Authority. When the Las Vegas head-count passed 1m, the local market reached the size considered critical for the so-called "big box" retailers to move in.

Although resort and gaming income is expected to continue growing for the near future – 20,000 new hotel rooms are due to open in the next 18 months – the authorities appear anxious to improve the economic mix. They have been encouraged by what they see as a weakening of California's attractions and have responded by adding to Nevada's traditional appeal – the climate and zero income and corporate tax rates – a reduction from 7 per cent to 2 per cent in the sales tax payable on manufacturing equipment.

Sega, the Japanese electronic games group, which recently shifted its gaming division from California to a more "natural" setting in Las Vegas, is one of a cluster of businesses developing around the state's core earnings source. Unitog, a workwear and uniforms maker, said it was attracted by the market and low costs.

There is also a growing base of back-office operations for financial institutions, which includes 650 card processing jobs at GE Capital and 500 places in car loan processing centre set up by California's Bank of America in the middle of the Summerlin residential project. Of the 33 newcomer companies which opened for business in the state last year, 17 were manufacturers.

They were not very grand: there was a plastic bag maker and a snacks processor, for example. Local officials accept that an economy based on sex and slot machines is not the best environment to foster more elevated endeavour. According to Ms Karen Garaventa Baggett, of the state development commission, the meagreness of Nevada's academic and intellectual capital which militates against high-tech investments is a function of the relative youth of the universities, and "an issue we have to deal with".

The dean of the university medical school is already at work. He is busy raising funds with the aim of developing a medical research park which may draw newcomers to join Clone Manufacturing, a blood analysis equipment maker, and Timesh, which makes titanium mesh implants.

Meanwhile, the marketing men continue brushing up the state's image. One indication of their confidence is the search for cities willing to be twinned with Las Vegas. Sodom and Gomorrah need not apply.

Peru may tender debt it bought back last year

By Stephen Fidler in London, Sally Bowen in Lima and Lisa Bransten in New York

The Peruvian government is expected to use an unusual feature of its debt agreement with its leading bank creditors to legitimise a controversial debt buyback carried out on its behalf over the last year, bankers said yesterday.

They said as much as \$1.4bn face value of the debt, purchased secretly by Swiss Bank Corporation apparently on the government's behalf, would be tendered in a Dutch auction.

This is one of four options open to creditors under the agreement in principle, agreed with a Citibank-led creditor committee late on Friday, which will clear up 12 years of interest payments arrears. The other options allow bank loans to be converted into bonds.

Bankers said they expected the government to set a price at the auction at which Swiss Bank would tender its debt without encouraging other banks to do the same thing.

The agreement covers some \$4.4bn of debt principal, with interest arrears that would bring the total past \$10bn.

In the secondary market yesterday, the price of Peruvian debt fell in New York trading from a high of 71⅞ per cent of face value to 68¾ at midsession. Traders said this was due to disappointment at the settlement on overdue interest.

Bankers said overdue interest on principal would be packaged into bonds carrying an interest rate of 13/16 percentage points over three-month Libor, while interest on interest would be charged at 2¼ per cent non-compounded.

The announcement of the debt agreement was broadly welcomed in Peru. Most economists and bankers are highlighting the positive macro-economic effects of the agreement. Peruvian country risk – still perceived as high despite buoyant growth, political stability and the virtual ending of terrorism – should be substantially reduced. Fresh financing flows should also mean a fall in high domestic interest rates.

So far there have been no official estimates of the upfront costs. Apart from the \$225m downpayment required on closure of the deal – possibly next July – Peru will need to put up collateral for bonds and guarantees on interest payments.

Ms Silvia Charpentier, a former chief commercial debt negotiator for Costa Rica now based in Lima, said Peru could be looking at annual payments of anything between \$200m and \$500m, depending on the auction. "The former would be quite satisfactory from a fiscal viewpoint. The latter would not," she said.

Brady revisited, Page 15

Republican leaders concede to lobbying and gift reform

By Jurek Martin in Washington

Republican leaders in the House of Representatives have made a clear concession to new conservative congressmen by agreeing to schedule votes by mid-November on gift and lobbying reform.

Congressman Dick Armey, the majority leader, said that similar reforms passed this summer by the Senate would "serve as a starting point for our efforts", but saw nothing wrong with the House and Senate adopting different codes of conduct. He also promised that the House would take up the larger issue of campaign reform in the New Year.

Mr Newt Gingrich, the Speaker, and Mr Armey had previously resisted change to the controversial issue of the relationship between lobbyists and members, partly on the grounds that it could distract from the social policy legislation to which Republicans are committed.


Gingrich: had resisted change

By contrast, the Senate voted to ban its members from accepting any gift worth more than \$50 a time, or \$100 over a year, from a single source. It also prohibited free travel and entertainment. Mr Gingrich and Mr Armey appear to favour less stringent measures.

The House leadership, however, may push for the adoption of a controversial amendment that would ban any organisation receiving federal funds from lobbying the government or congress.

That would cover many pressure groups and institutions ranging from several national endowments (for the arts, science and humanities) to non-commercial broadcasting and social policy organisations.

Several Republican freshmen, disappointed with the extent of congressional reform to date, had threatened to introduce their own gift and lobbying bills in defiance of the leadership. For their part the Democrats in the House will press for adoption of the Senate code, in the hope that a potentially unusual left-right coalition could embarrass the Republican leaders.

AMERICAN NEWS DIGEST

Brazil M-way in private hands

A private sector management company today takes control of Brazil's most important motorway, the Via Dutra, which links the country's two biggest cities of São Paulo and Rio de Janeiro.

It is the first road the federal government has transferred to the private sector since laws earlier this year ended the government's monopoly on many public services.

Dutra, which carries about 20,000 vehicles a day, will be managed by Camargo Corrêa and Andrade Gutierrez, two Brazilian construction companies, under a 25-year concession. The companies intend to spend about \$115m in the next six months on road improvements, resurfacing and better signposting. A toll of about \$10 will then be levied for the full 250 miles which separate the two cities.

Brazil's roads are in extremely poor repair, victims of the government's budget problems in the last decade. As well as potholes and bad signposting, motorways often lack central barriers. There were more than 8,000 accidents on Dutra alone last year.

Angus Foster, Rio de Janeiro

Ecuador widens currency band

Ecuador yesterday widened its exchange rate band by 6.3 per cent to a maximum of 2,856 sucres to the dollar to allow for increased depreciation of the currency amid continuing political uncertainty.

Dollar-buying by investors seeking a foreign currency hedge amidst political uncertainty over the government's economic policy, led the sucre to depreciate by nearly 5 per cent in the last two months, breaking the previous band limit.

Officials said that the adjustment was to counter speculation and bring down interest rates – interbank rates shot up to 90 per cent on Friday.

President Sixto Durán Ballén is still battling a government corruption scandal over the misappropriation of public funds, while a crippling energy crisis has led to power shortages of up to nine hours a day.

Industry representatives say the series of crises this year make the government's economic growth target of 3.5 per cent incredible.

Raymond Colitt, Quito

Terrorist arrested in Mexico

Mr Enrique Haroldo Gorriarán Merlo, one of Latin America's best-known terrorists, was being questioned in Buenos Aires yesterday after being arrested in Mexico over the weekend and immediately extradited to Argentina. Mr Gorriarán Merlo, who as recently as 1989 led an attempted coup against the Argentine government, also has had strong connections with guerrilla groups in Peru and Nicaragua.

In the 1970s, Mr Gorriarán Merlo was a leader of the leftist People's Revolutionary Army, one of the most violent of terrorist groups which battled Argentina's military dictatorship during the notorious "dirty war."

In 1992, Argentine President Carlos Menem accused Mr Gorriarán Merlo of being responsible for a series of bomb attacks in Buenos Aires.

Matthew Doman, Buenos Aires

Royal visit for Argentina

Princess Diana, estranged wife of the heir to the British throne, Prince Charles, will pay her first official visit to Argentina next month, Buckingham Palace said yesterday.

The trip signals a further warming of relations between two countries which fought a war in the south Atlantic in 1982 over the Falkland Islands.

Reuter, London

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NEWS: INTERNATIONAL

Mirages and oases in Middle East business

Julian Ozanne samples the views of world businessmen at the Amman economic summit

Peace process boosts confidence: Warren Christopher with his Amman counterpart yesterday *Reuter*

One of the sessions at the Middle East and North Africa economic summit in Amman yesterday was entitled: Is the Middle East open for business? More than before, but not enough, seemed to be the answer.

A year after an economic integration drive for the region was launched in Casablanca, the business community is starting to express confidence in a more attractive climate.

However, over the past two days many of the 1,500 delegates gathered in the Jordanian capital have stressed that further moves towards political pluralism, a strengthening of economic liberalisation programmes and the development of better instruments of private sector guarantees and financing schemes remain critical to attracting investment.

"Everything considered, the region is more attractive now than a year ago and it deserves a better reputation than it has in the international business community," said Mr Percy Barnevik, chief executive of Asea Brown Boveri, the Swiss-Swedish engineering group. "But economic reform must be speeded up because of the competition for world capital."

Sir William Ryrie, vice chairman of Baring Holding Company, the financial services group, said the Middle East had largely missed out on the massive flows of capital to emerging markets in the past three years because of continuing restrictions, red tape and lack of information.

Mr Ferdinand Piech, chairman of Volkswagen, said healthy economic developments were being undermined by continuing protectionist regimes which closed off markets.

And water companies said Middle East governments would have to price water more economically if they wanted to attract private-sector participation and find ways to create better packages of political and commercial risk guarantees.

Nevertheless, many of the executives in Amman were confident about increased business in the wake of economic liberalisation and the unfolding Arab-Israeli peace process.

A number of significant joint ventures have been announced in the past year including a \$1.2bn Israeli-Egyptian oil refinery in Alexandria and a \$50m Israeli-Jordanian joint venture to produce bromine on the Jordanian side of the Dead Sea. Mr Piech said Volkswagen's \$600m joint venture with an Israeli company to produce magnesium was "a demonstration of our confidence in the peace process". ABB said it had 30 investment projects worth \$200m in the pipeline and had recently established two companies for contracting and assembly in Jordan.

Mr Andrew Stone, managing director of Marks and Spencer, the UK retailing company, said a number of joint ventures had been set up between Israeli, Jordanian, British and Palestinian companies to supply garments to the British company. He said although they were commercial problems in the short term, Marks and Spencer felt it was laying the groundwork for long-term commercial success.

However, Amman, like Casablanca, has demonstrated the lingering Arab hostility to doing business with Israel and the fact that the peace process lacks a regional consensus.

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, and Mr Yitzhak Rabin, the Israeli prime minister, staked rival claims to Jerusalem in their opening speeches and Jordan's King Hussein publicly rebuked Egyptian foreign minister Amr Moussa, who cautioned Arabs about rushing to do business with Israel.

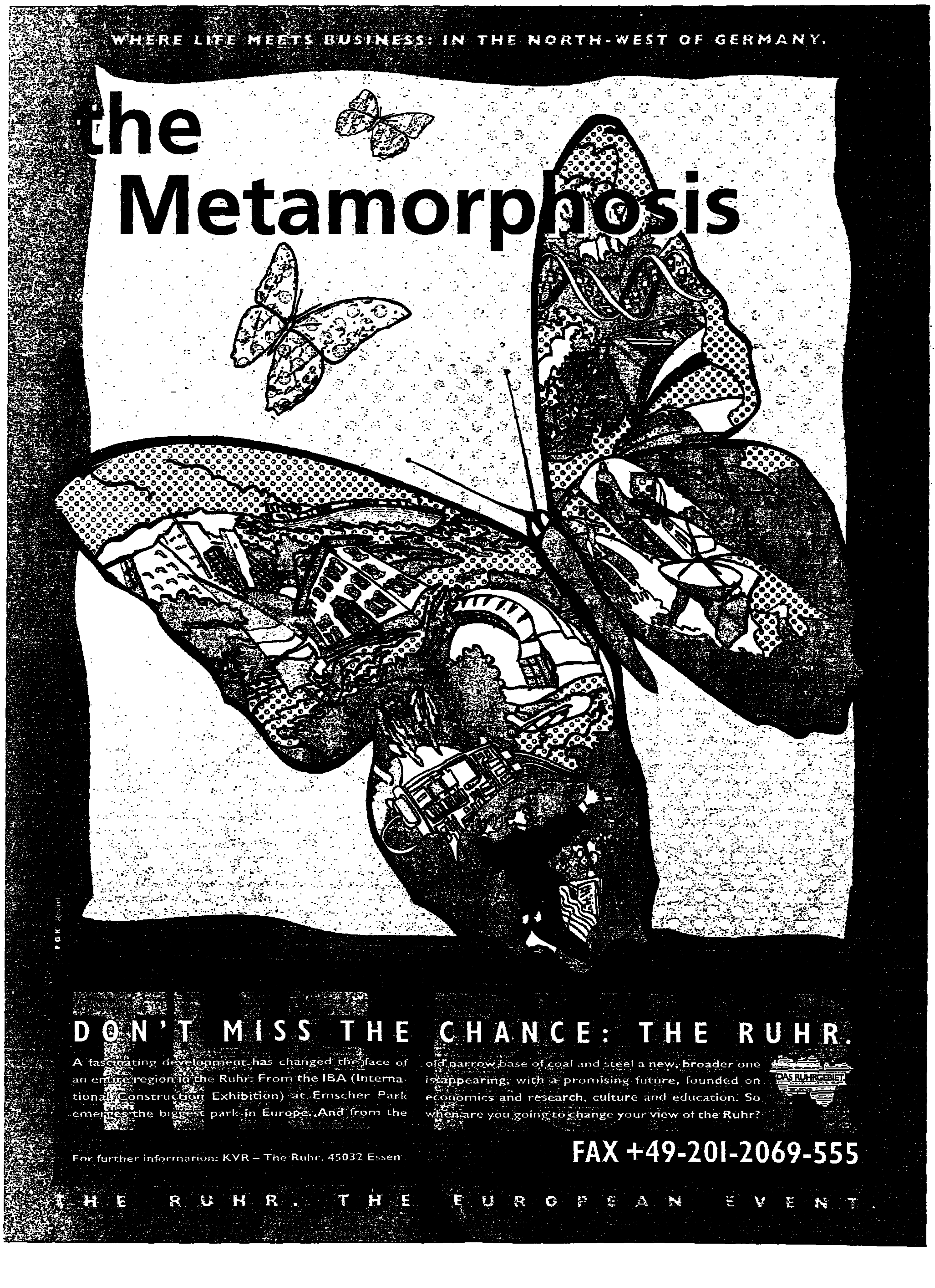
However, Qatar foreign minister said last night that a letter of intent would be signed today to supply Qatari natural gas to Israel.

The Palestinians also forcefully pointed out that any talk of moves towards regional co-operation and open borders was futile, given Israel's frequent closure of its borders to the Palestinian territories which prevent the movement of goods and people.

Mr Mair Laiser, president of Clal Industries, the Israeli diversified holding company, said Israeli businessmen were ready for a surge in activity with the Arab world but were concerned about the continuity of policy in a region of dictators and absolute monarchs.

"One man can still change everything and we still need to be convinced that peace is here to stay and there will be long-term stability for investment," he said.

Mr Eberhard Brodhage, senior vice president of Germany's Commerzbank, said: "There is a pattern of improvement and a gradual increase in activity. In the Middle East it is always tomorrow, tomorrow, but this does not stop us doing little things today."



Chaos spreads in Tanzania's first election

By Michela Wrong in Zanzibar

Tanzania's first attempt at multi-party democracy after 30 years of single-party rule teetered on the verge of collapse yesterday, undermined by administrative incompetence and the logistics of organising a poll in East Africa's largest country.

After hours locked in crisis talks, Mr Lewis Makame, chairman of the national electoral commission, declared the chaotic presidential and parliamentary vote in Dar es Salaam, the country's main city, null and void and said a rerun would be staged some time next week. He did not name a day.

Mr Makame also confirmed reports of administrative problems in the countryside, which has shaky communications with the capital, but said voting would be extended through yesterday and today rather than staged afresh.

The commission had first extended and finally suspended voting in Dar es Salaam on Sunday night amid a growing chorus of complaints at the late opening of polling stations, booths that failed to open at all and the absence of both election officials and ballot papers.

The opposition had called for the entire vote to be cancelled, arguing that it had been too botched to count as free and fair. But the commission may have been influenced by donor nations, funding the polls to the tune of \$15m, who warned that the government would not have the funds to pay for a completely new ballot.

Although most residents believe incompetence as much as political manipulation was involved, the latest confusion has added to a growing mood of cynicism in Dar es Salaam, where Mr Augustine Mrema, the opposition candidate, has won enthusiastic support for his campaign to clean up the Chama Cha Mapinduzi (CCM) party's administration.

Elections staged a week earlier on the islands of Zanzibar had already raised questions about whether the CCM was genuinely ready to surrender power, with even many party loyalists convinced the party rigged the poll when the Civic United Front, campaigning for greater autonomy for the archipelago, looked in danger of winning.

Opposition supporters had predicted that the CCM would not hesitate to use the same tactics on the mainland if Mr Mrema showed signs of winning what is expected to be a close contest against Mr Benjamin Mkapa, the CCM candidate

Seventeen donor countries have denounced "discrepancies" in the figures for the Zanzibar polls, which officially returned CCM president Salmin Amour to power for another five years, and are asking for them to be checked and corrective action taken if necessary.

INTERNATIONAL NEWS DIGEST

Arab League in financial crisis

The Arab League is facing a severe financial crisis as member states are either refusing or are unable to pay their annual subscriptions, according to officials at its Cairo headquarters. The organisation has written to its 500 permanent employees to apologise for not being able to pay their salaries from October until cash flow improves.

Mr Mohamed al Said, head of finance and administrative affairs at the League, told the Egyptian daily Al-Ahram over the weekend that total non-disputed arrears were more than \$80m and non-payments this year will deprive the League of \$9m, or 33 per cent of the annual budget.

Most of the arrears have been built up by defaulting countries such as Iraq, Sudan and Somalia, which say they cannot afford to pay. Other countries, such as Tunisia, Morocco and Lebanon, are paying less than their agreed annual contributions which they argue need to be revised downwards.

Iraq's invasion of Kuwait in 1990 and progress towards Middle East peace with Israel has left the Arab League divided and confused as well as short of funds. Established in 1945 to strengthen Arab ties, it has been unable to stage a full summit since the Gulf War. *James Whittington, Cairo*

Kenyan aid pledge delay

New pledges of aid to Kenya will probably be postponed until next year because of delay in reaching agreement with the International Monetary Fund, diplomats said yesterday.

"A donors' consultative group meeting in November in Paris would be useless if the IMF is not impressed by the progress of economic and political reforms," a Western diplomat said.

The diplomat saw the earliest consultative group meeting on Kenya's economic progress as being held in January next year after a December review of outstanding issues. That would mean a further delay in providing much of the \$800m pledged last year, but not disbursed because of what donors see as Kenya's hostile political environment. Usually Kenya's donors meet in November to pledge new aid.

The Economic Review magazine said yesterday Kenya could not negotiate for new programme and project aid because money pledged in 1993 and 1994 had not been used. Government officials said Kenya has received only \$200m of the \$800m pledged in Paris last year. *Reuter, Nairobi*

S Africa plea on generals

South Africa's last white rulers said yesterday that former generals accused of the murders of 13 blacks should be given temporary exemption from prosecution like many ministers in the present government.

The National party of South African Deputy President F.W. de Klerk said the generals played a crucial role in the peaceful transition to black majority rule. They were entitled to the same exemption under the constitution as everyone else.

White conservatives earlier accused President Nelson Mandela's ANC-led government of a witchhunt in the planned arrests of a former defence minister and 10 senior officers over hit-squad killings in 1987. "This could lead to a national crisis, we are worried at the timing. We believe there is a political motive behind the action," said Mr Flip Buys, chief secretary of the rightist Freedom Front. *Reuter, Johannesburg*

Mahathir call on landing rights

Asia-Pacific nations must adopt a common stand in negotiations with the US and Europe over landing rights, Dr Mahathir Mohamad, Malaysia's prime minister, said yesterday. Speaking to the International Air Transport Association (Iata) annual meeting in Kuala Lumpur, Dr Mahathir criticised developed countries for closing their domestic aviation markets while preaching the virtues of global free trade. It was pointless for the US to "single-mindedly pursue 'open skies' polices ... while keeping its domestic market closed to foreign competitors."

Mr Pierre Jeanniot, director general, expected world airlines to make a net profit of \$5.7bn on their international scheduled services this year, against last year's \$1.8bn. In the previous four years, the airlines lost \$15.6bn. *Michael Skapinker, Aerospace Correspondent, and Reuters*

Nigerians face death sentence

A military-appointed tribunal in south-eastern Nigeria yesterday sentenced five people to death on charges of murdering four leaders of the oil-producing Ogoniland, witnesses said. The same court in the town of Port Harcourt will deliver a separate judgment today on Ogoni minority rights leader Ken Saro-Wiwa and four others, who are facing similar charges. *Reuter, Lagos*

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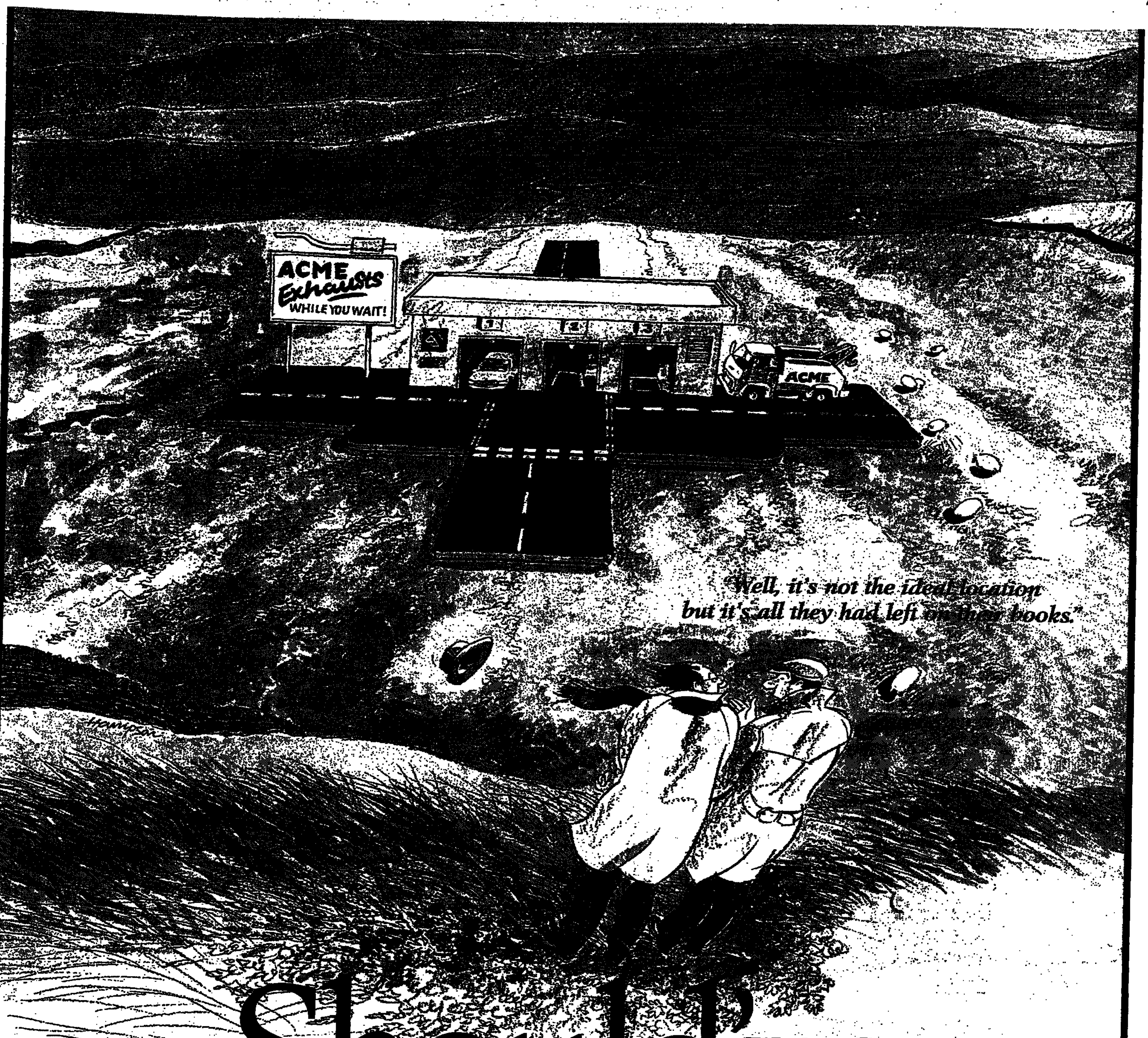

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S Korean president denies he had slush fund cash

By John Burton in Seoul

South Korean President Kim Young-sam yesterday said he did not personally receive any money for his 1992 election campaign from an illegal slush fund maintained by Mr Roh Tae-woo, his predecessor and political ally.

But Mr Kim did not rule out the possibility that ruling party funds used in his campaign might have come from Mr Roh without his knowledge.

The president was responding to opposition charges that Mr Roh secretly helped finance his successor's election.

Mr Roh admitted on Friday that he had amassed a $650m (£411m) secret fund from corporate donations during his term between 1988 and 1993, with some of the money used to finance the ruling Democratic Liberal party.

The revelation threatens to embarrass Mr Kim, who has promoted an aggressive anti-corruption campaign while in office. However, Mr Kim has been criticised for allegedly protecting his predecessor from corruption investigations involving defence contracts awarded during the Roh administration.

Mr Kim has also blocked the prosecution of Mr Roh for his alleged role in the former military government's violent suppression of the 1980 uprising in the city of Kwangju, which killed more than 200 people.

Mr Kim said yesterday he was commited to conducting a "thorough probe" of Mr Roh's slush fund. "I have no intention of compromising on the matter. A fair and just investigation shall be made without consideration for personal interests."

But with the ruling party refusing to reveal the financial sources for Mr Kim's 1992 election campaign, the three opposition parties called on the president to provide detailed information on the issue.

The opposition parties also attacked one another for allegedly receiving money from Mr Roh in his effort to gain protection from political vendettas.

Meanwhile, prosecutors said they would soon question the chairman of Hanbo, a steel and construction conglomerate, about claims he had helped launder funds from Mr Roh's hidden bank accounts.

Japan's judiciary orders dissolution of Aum sect

By William Dawkins in Tokyo

Japan's judiciary yesterday reacted with unusual speed in ordering the dissolution of Aum Shinri Kyo, the mystical cult, on the grounds it tried to murder thousands of Tokyo commuters last March.

Tokyo district court issued the order, four months after Mr Yukio Aoshima, the city's governor, filed a petition on taking office to disband the cult.

That is a fraction of the time usually taken by legal cases and is the first occasion in post-war history a court has commanded a religious body to disband on the grounds of organised crime.

The ruling won instant praise from government ministers. Mr Hiroshi Miyazawa, justice minister, saluted the speed of the ruling and promised it would be implemented swiftly.

The dissolution of Aum may help to ease Japanese consumers' loss of confidence, believed by many economists to be a factor in the continued decline in retail sales and the prolonged stagnation of the world's second largest economy.

The attack, in which 11 people died, was seen as a shocking break with Japan's peaceful social consensus.

Rumours have since abounded in Japan's popular press that the trial of Mr Shoko Asahara, the sect's leader, will tempt Aum followers to launch another attack.

Yesterday's decision paves the way for Aum's buildings and assets to be placed under the charge of court-appointed liquidators.

Aum has the right to appeal to the Tokyo High Court, which is likely to uphold the ruling. At that stage, liquidation can begin even if Aum wants to make another appeal at the Supreme Court.

Mr Seishi Kanetsuki, presiding judge in the Tokyo district court, yesterday accepted city prosecutors' allegations that Aum had produced large amounts of sarin, a lethal nerve gas, on Mr Asahara's instructions.

Mr Kanetsuki did not accept Aum's claim that its main headquarters, in the village of Kamikuishiki near Mount Fuji, was used for making agrichemicals.

The Aum buildings contained equipment and materials for making chemical weapons, the judge said.

Yesterday's ruling makes it even less likely that Mr Asahara will be found innocent of the six charges of murder – for which the penalty is death – attempted murder, abduction and production of illegal drugs.

Even before yesterday's ruling, he had scant chance of walking free, since the Japanese judiciary gives a conviction in 99.8 per cent of prosecutions mounted by the state.

Postmasters who beat the banks and deliver votes

Gerard Baker on growing complaints of unfair competition in deposits

Beset by problems that undermine their operations around the world, Japanese banks are engaged in an increasingly fierce struggle at home with a titan among financial institutions.

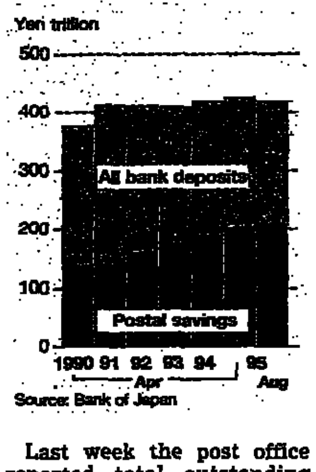
The post office, in most countries an innocuous provider of necessary, if rather dull services, plays a very different role in Japan. It is in effect the country's, and probably the world's, largest bank. As the leading collector of the nation's savings it has an unrivalled pre-eminence among financial institutions.

Commercial banks are increasingly unhappy that a state-run bank should dominate the market in such a way. They are even more upset that the post office enjoys its position thanks not to its own special efficiency or effort, but largely to administrative fiat.

The chorus of complaints against the unfair competition posed by the postal savings system has grown this autumn, as commercial banks' other problems have intensified. And last month the debate took centre stage in the campaign for the leadership of the Liberal Democratic party, with one of the candidates calling for the full privatisation of the post office.

But for all the fuming, there is unlikely to be a significant change for some time. And that political battle itself is the explanation.

Where the Japanese save



Source: Bank of Japan

LOSSES HIT PAY-OUT TO DAIWA

Daiwa Bank is to receive less money from Japan's postal insurance system because of the controversy surrounding its huge losses on US treasury bond trading, Gerard Baker writes from Tokyo.

Mr Haruki Matsumo, vice-minister for posts and telecommunications, said yesterday that bureaux with responsibility for allocating funds from postal insurance had decided to cut the amount going to Daiwa Bank by 10 per cent for the rest of the financial year ending next March. The decision requires finance ministry approval but it is thought unlikely the ministry would overrule the bureaux' decision.

Accumulated postal insurance worth Y12,400bn (£77.1bn) is being managed by the post office this year, of which Y1,000bn is scheduled to be allocated to trust banks. Daiwa Bank, though not formally a trust bank, is unique among Japan's other banks in having a trust banking licence.

Of the Y1,000bn, an allocation of Y500bn was decided in May. The remainder was approved earlier this month and included a cut in Daiwa's allocation.

The bank has been losing business from both public and private-sector institutions since it announced the losses last month.

It is being investigated by US and Japanese authorities, who have expressed concern at the bank's failure to report the losses as soon as they were discovered.

Last week the post office reported total outstanding savings of Y206,000bn (£1,282bn) in deposits – a sum larger than the gross domestic product of Germany. It now holds a third of all the public's money deposited in financial institutions – up from less than 25 per cent just five years ago. Its total deposits are five times those of the largest commercial bank's.

In the current climate of uncertainty about the health of Japan's commercial banks, for many savers the post office's attraction as a risk-free place to park their money has grown considerably.

But aside from the obvious security it offers, the post office enjoys exclusive advantages. Its earnings are not liable to corporate taxes; it is not required to pay premiums towards the national system of deposit insurance, and it has a branch network that dwarfs its rivals – with 24,000 branches against 1,000 outlets of Sanwa, the commercial bank with the largest network.

Most important, it is able to offer its savers higher interest rates, for the simple reason that it does not have to concern itself with making a profit. It sets its rates 0.9 per cent above those offered by commercial banks.

The reason for this extraordinary competitive advantage is rooted in the country's financial history.

The postal savings system, established in 1875, came to occupy its central role in the economy after the second world war. In an era of regulated interest rates its function was simple - to provide cheap finance for public investment. It raised money from the public at rates that were low, but slightly higher than those at the commercial banks, and channelled it to the government at rates lower than the prevailing bond market rates.

With the gradual deregulation of market interest rates in the 1980s, though, post office savings rates rose to the level of bond yields, and the case for the post office withered away.

But the rules favouring it did not. Neither did the post office itself. On the contrary, it flourished.

The authorities have responded to criticism by stepping up the pace of deregulation. This month, the latest and potentially the most important liberalisation came into effect. Banks are now permitted to compete with the post office in its most attractive product – 10-year savings. This particularly handsome account offers investors savings rates consonant with 10-year interest rates, that is, very high ones. But those rates are, in effect, applied to short-term deposits, as customers can withdraw money with no penalty. Ninety per cent of all postal savings are in this sort of account.

From this month other financial institutions are permitted to offer the same account. Johnan Shinkin, one of Japan's more innovative and successful financial institutions, immediately launched its own 10-year account – with startling success. In the first two days, the company received more than Y5bn in deposits. It estimates that about 28 per cent of the new accounts came from post office withdrawals.

But its management acknowledges that under present rules competing with the post office is a difficult proposition. "The post office has faced losses and crises in the past, but the government has simply said it cannot be allowed to go bankrupt – so it is given extra financial assistance. This seems likely to continue to be the pattern," says Mr Tsuyoshi Yoshiwara, director of Johnan's corporate planning division.

Mr Yoshiwara's pessimism is understandable. It is not just that the post office is popular – though, with the privileges it offers savers, it is clearly that.

It is rather, that the postal savings system enjoys an unrivalled position of power within Japan's notoriously faction-ridden political establishment. Japan's 24,000 postmasters wield real clout within the LDP. They have in the past earned kudos by lobbying effectively for public spending projects in their locality. In rural areas especially, the postmen's status – compared by some disgruntled bankers to being like that of a feudal lord's – gives them the capacity to deliver votes for LDP candidates.

In last month's election for the leadership of the LDP the postmasters rallied their forces around the candidacy of Mr Ryutaro Hashimoto.

Their concern was understandable. His opponent, Mr Junichiro Koizumi, fought the election on a platform of privatising the post office. Mr Hashimoto, who cautioned against change, won.

"The postmasters in some cases actually called on LDP members to make sure they would vote for Mr Hashimoto," says one supporter of Mr Koizumi. "Their influence is very extensive."

In helping secure Mr Hashimoto's victory, the postmen seem to have awarded themselves another franchise for several more years of unchallenged growth. In the meantime the hard-pressed banks will continue to cry all the way to the post office.

Tokyo closer to resolving row over mercury dumping

By Emiko Terazono in Tokyo

The Japanese government yesterday came nearer resolving the compensation dispute over a mercury spill in Minamata, in the southern island of Kyushu, as the largest group representing victims agreed a compromise proposal.

The Zenkokuren group comprising 2,000 victims across the country was the last of the five victim groups to accept the government's proposed settlement for Japan's first and worst industrial pollution case dating from 1956. Chisso, a chemical company, dumped mercury waste in the Bay of Minamata, killing hundreds and crippling thousands of people who ate the contaminated fish from the bay.

Over 13,000 victims applied for compensation in the late 1960s; the government appointed a panel of medical experts which only selected 3,000 seriously affected patients as official victims. The remaining 10,000 with milder symptoms have been denied certification and 2,500 patients and their relatives had taken the government to three high courts and six district courts. Three out of the six rulings have held the government responsible.

Under the government's latest proposal, 7,000-8,000 unrecognised victims will receive an average Y2.6m (£16,000), while a total Y5bn will be paid separately to the five organisations representing the unrecognised patients.

Mr Koken Nosaka, chief cabinet secretary, said yesterday the Environment Agency will co-ordinate the plan; the government and victims had moved significantly nearer final settlement, he added.

The government's plan consists of a scheme allowing it to avoid direct compensation. Along with the Kumamoto provincial government, it plans to set up a fund to lend Chisso low-rate loans. The money will in turn be paid to the victims by the chemical maker.

The victims are also seeking an official apology by the government, which has consistently denied responsibility. The patients blame local and central government authorities for not stopping the dumping until 1968 even when, they say, they knew the effects on the health of Minamata residents.

Last June, Premier Tomiichi Murayama apologised as an individual politician, angering victims who want the government to accept responsibility and offer a sincere apology, and disappointing those who hoped Japan's first socialist leader would resolve the matter with a political initiative.

Minister hints at floor after recent falls

Indian rupee picks up on intervention

By Mark Nicholson in New Delhi

The Indian rupee yesterday rebounded from last week's lows against the dollar following central bank intervention and comments from a senior minister suggesting the government wished to place a floor under the currency's recent fall.

Reserve Bank of India officials confirmed the intervention as the rupee traded at Rs34.50 to the dollar after last week skirting Rs36.

The intervention followed weekend remarks from Mr P. Chidambaram, commerce minister, suggesting that while the rupee was due for some correction in view of India's inflation rate differential with trading partners, "anything beyond Rs34 or Rs34.50 is perhaps an over-correction".

Dealers in Bombay said last week's falls in the rupee, which has depreciated by around 10 per cent in the past few weeks, followed uncertainty about the government's intervention policy and a covering rush of dollar demand by importing companies.

Mr Chidambaram also released trade figures for the first six months of the fiscal year which showed continued booming growth in both imports and exports. Imports for April-September rose to $17bn (£10.7bn) against $12.8bn over the same period last year. Exports were up 26 per cent at $14.6bn against $11.6bn in April-September last year.

However, trade figures for September indicated some slowing in the recently feverish rate of import growth, with the month's imports of $2.7bn up by 14 per cent on the same month last year. Exports for the month were up 19 per cent on a year ago at $2.8bn.

Mr Chidambaram said the trade deficit for the first half stood at $2.38bn against $1.23bn for the first six months of 1994.

He said the year's current account deficit was expected to be between 1 and 1.5 per cent of gross domestic product, up from 0.8 per cent a year ago, but at a level he called "manageable".

US envoy seeks to support Afghanistan peace initiative

Ms Robin Raphel, a US assistant secretary of state, is due to end a three day visit to Afghanistan today, as Washington steps up its support for a troubled United Nations peace effort.

Ms Raphel has met leaders of different Afghan factions who are at war with each other, apparently to convey US support for a peace plan to be brokered by Mr Mehmood Mestiri, the personal envoy of Mr Boutros Boutros Ghali, UN secretary general.

The initiative takes place to the backdrop of a recent military build-up around Kabul, the Afghan capital, where the *taliban* Islamic militia are gathering to prepare for a final assault on the city. The *taliban* are trying to oust Mr Burhanuddin Rabbani, the nominal president of Afghanistan, who has lost control over large parts of the country that are now ruled by warlords opposed to him.

Before Ms Raphel's visit, the government in Kabul this week again accused neighbouring Pakistan of supporting the *taliban*. The government in Kabul is trying to seek international condemnation of Pakistan, though Islamabad denies the charge.

The recent successes of the *taliban* have strained relations between Kabul and Islamabad. Pakistan recently shut its embassy in Kabul following a mob attack on the building in which an embassy worker was killed and many other officials including the ambassador were severely injured.

But the *taliban* seem during the past year to have organised a war machine backed by time-worn MiG-19 fighters and multi-barrelled rocket launchers. Their leaders show little proof of having a clear concept of future government other than professing strict Islamic tenets such as confining women to their homes and imposing the teachings of the *shariah* (Islamic law) in daily life.

The troubles between Afghanistan and Pakistan are just one indication of the complexity of the dispute that has involved other countries in the region.

Iran remains concerned over the *taliban* offensive and suspects that Pakistan is supporting them, western diplomats say. Moreover, many analysts are concerned over possible connections between Afghan mujahideen groups and Islamic factions in some of the central Asian former Soviet republics, where the growth of fundamentalism is a matter of concern.

However, peace in Afghanistan still remains a distant prospect, in view of the continuing warfare and almost complete economic breakdown. The UN is seeking up to $124m (£78m) in fresh assistance from western donors over the next 12 months, to step up its relief and reconstruction efforts.

Many relief officials are worried that a generation of young Afghans has grown up in a time of war during the past 16 years, who have done little other than firing weapons. Concerns also run high over the future of opium production in parts of Afghanistan, used to manufacture heroin for trafficking to the west.

Mr Peter Hansen, the UN's deputy secretary general for humanitarian affairs, recently echoed his anxiety after a visit to Afghanistan when he said: "One is reminded of images of world war two Europe when you see entire neighbourhoods reduced to rubble."

Farhan Bokhari

ASIA-PACIFIC NEWS DIGEST

Chinese banker's death sentence

A banker in south China has been sentenced to death for embezzlement and a former mayor in the south-west has been jailed for 10 years for accepting bribes. The Intermediate People's Court in Zhaoqing city in Guangdong province in the south sentenced Mr Luo Guohong, 35, former manager of a branch of the Agricultural Bank of China, to death recently for embezzling Yn2.18m (£166,000) between 1993 and 1994, the China News Service said yesterday.

In Sichuan province, an intermediate court recently convicted Mr Wang Shanwu, former mayor of Jianyang city, and two of his deputies for corruption, the *Guangming* Daily said. He was jailed for 10 years for accepting bribes totalling Yn69,000, the newspaper said. China's parliament meanwhile passed a resolution yesterday imposing a maximum penalty of death for value added tax fraud. *Reuter, Beijing*

Japanese target 'impossible'

Mr Isamu Miyazaki, head of Japan's Economic Planning Agency, said yesterday it would be almost impossible for Japan to achieve its official economic growth target of 2.8 per cent for the year to next March but recovery would certainly start next year. He told a meeting of business executives that Japan's gross domestic product was likely to grow by between 1 and 2 per cent this fiscal year. *Reuter, Tokyo*

■ The World Bank estimates east Asia will needs $1,500bn over the next decade in new infrastructure investment, Mr Russell Cheetham, the bank's vice-president for east Asia and the Pacific, said. *Reuter, Hong Kong*

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FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday October 31 1995

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IN BRIEF

Profit warning hits ISS shares

ISS of Denmark, the world's largest contract-cleaning group, warned that 1995 profits would fall below last year's level because of continuing problems in its US and German units. Operating profits would fall 10 per cent from 1994 and earnings per share would be 20 per cent lower, it said. Its shares fell 12.5 per cent to DKr125. Page 18

Netscape announces deep price cuts
Netscape Communications, the leading US Internet software company, slashed the prices of its server software for electronic commerce and communications in a bid to speed up the adoption of its programs. Page 20

Novell quits software applications market
Novell, the leading personal computer networking software company, said it would withdraw from the market for PC applications programs and planned to sell its business applications division. Page 20

Sherritt to spin off Cuban interests
Sherritt, the Canadian metals and fertiliser company, one of the biggest foreign investors in Cuba, plans to expand and diversify its operations on the Caribbean island through a restructuring that will spin off its Cuban interests into a separate public company. Page 20

Deutsche Bank arm enters South Africa
Deutsche Morgan Grenfell, the investment banking arm of the Deutsche Bank group, has bought a 50 per cent stake in Ivor Jones, Roy & Co, one of South Africa's leading stockbrokers. Page 21

Sumitomo Chemical returns to profit
Sumitomo Chemical, Japan's largest producer of fine and agrochemicals, reported a return to profit for the six months to September and forecast continued recovery for the rest of the year. Page 21

Consortium to buy electricity distributor
Solaris, the second electricity distribution company to be privatised by Australia's Victorian state government, is to be sold to a consortium for A$950m (US$716.7m). Page 21

Further newsprint price rises predicted
The newsprint market, where prices have almost doubled in the past year, has not reached its peak, according to Mr Hugh Fletcher, chief executive of Fletcher Challenge, the New Zealand pulp, paper and forest products group. Page 21

Trafalgar House sells North Sea platform
Trafalgar House, the UK engineering group, sold the Emerald Producer, the ill-starred North Sea oil field platform which may have cost its three successive owners more than £200m ($316m) combined. Page 22

RTZ to sell US Silica for up to $140m
RTZ, the world's largest mining group, announced the sale of its US Silica subsidiary to D. George Harris & Associates, a US speciality chemicals group, for a maximum consideration of $140m. Page 22

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BASF	311	+	9.5
Bayer	370.3	+	12.8
SAP AG	219.5	+	11.5
Volkswagen	442	+	15.3
Falls			
Porsche	622	−	23
Wella	751	−	39
NEW YORK ($)			
Rises			
CBI Inds	31	+	1⅝
Nelson B	19	+	2¼
Scripps	36⅝	+	2⅝
Teradyne Inc	33⅛	+	2¼
Falls			
Bolt Beranek	29⅛	−	3
Raycorp Hldgs	29⅝	−	3½
LONDON (Pence)			
Rises			
BCE Hldgs	24¾	+	2½
Bakyrchik	183	+	30
Eidos	478	+	27
Frost Group	223	+	12
Mowlem (J)	63	+	9
Falls			
Sovett	253	−	26
TORONTO (C$)			
Rises			
Fulcrum Tech	34⅛	+	2⅞
Falls			
Canwest Gb	21⅛	−	2
Electrohome	9	−	1
Intertape Poly	35½	−	2¼
Softkey Softwr	48¾	−	4⅛
Teck Corp A	22	−	2
PARIS (FFr)			
Rises			
BNP	197	+	12.5

Bancaire Comp	502	+	34
Havas	333.5	+	19.9
Pernod Ricard	298.1	+	14.5
UAP	121.5	+	7
UFB Locabail	387	+	23
TOKYO (Yen)			
Rises			
Chiyoda	890	+	30
Marudai Food	685	+	25
Nippon Shinpan	619	+	29
Nisshinbo Ind	880	+	28
Yuasa Corp	524	+	19
Falls			
Tokuyama	755	−	23
HONG KONG (HK$)			
Rises			
Englong Intl	1.82	+	0.12
New World Infr	13.5	+	0.5
Peregrine Inv	9.65	+	0.35
SAS Dragon	3.65	+	0.175
Falls			
Dickson Cncpt	5.15	−	0.3
Shell Elec Mfg	2.775	−	0.175
BANGKOK (Baht)			
Rises			
New City	47.5	+	3.5
Thai Sreshtsk	112	+	10
Falls			
Bangkok Land	380	−	40
Bangkok Nylon	22.25	−	2.25
Jack Chia	35	−	3.75
Thai Stanley	85	−	5

New York and Toronto prices at 12:30.

Mannesmann sells operation for DM1bn

By Andrew Hill in Milan, Michael Lindemann in Bonn and Robert Graham in Rome

Elsag Bailey Process Automation, the US-quoted automation process equipment company, is to buy the loss-making Hartmann & Braun electronics company from Mannesmann of Germany for about DM1bn ($714m).

Finmeccanica, the state-controlled Italian engineering group which owns a majority stake in EBPA, said the deal would create the world's second largest automation process equipment group.

The combined group will have sales of L3,100bn ($1.9bn) and a 9.5 per cent share of the market, behind Fisher Rosemount, part of Emerson of the US, with a 10.7 per cent share.

Mannesmann had been in talks to sell Hartmann & Braun since August and analysts said they were "astonished" by the outline price. "[Mannesmann] got a better price than anybody thought," said one.

Yesterday's agreement should be finalised by the end of the year. Finmeccanica, part of IRI, the state holding company, said that EBPA would raise money for the deal through an issue of ordinary and preference shares, which would cover 53 per cent of the purchase price. The balance would be funded by a loan from an international consortium of banks, organised by Bank of America and Merrill Lynch. Details of the capital increase would be released later, Finmeccanica said.

The agreement marks a further effort by Mannesmann to concentrate on its more dynamic core businesses, such as engineering, auto components and telecoms. "It's Mannesmann accepting that they should get out of an area where they haven't been terribly successful," said Mr Alan Coats, an analyst at Merrill Lynch.

Hartmann & Braun declared a loss of DM42m in 1993 and a profit of DM10m in 1994. It reported a loss in the first half of this year but expected a profit for the full year.

The timing of the agreement also seems intended to demonstrate Finmeccanica's determination to expand within its existing shape just as its identity is under discussion. In September, the Italian Treasury proposed that Finmeccanica, which has a L13,000bn ($8bn) annual turnover and employs 60,000 people, should be split into two to simplify eventual privatisation.

Finmeccanica operates in areas of advanced technology accounting for 10 per cent of national research and development, and is split into five broad divisions – aerospace, defence, energy, transportation and automation. The Treasury proposed that the defence activities, including several loss-makers, should be hived off, making the rest of the group more attractive, with the 51.3 per cent EBPA stake one of its jewels.

But Finmeccanica has resisted any structural change, arguing that only 18 per cent of its earnings were strictly military with another 22 per cent from dual-use (military and civilian) production. The management also maintains useful synergies within the group would be lost by a split. These arguments are being assessed by management consultants and a report is due at the end of the year.

Ciba to hive off weighing machinery division

By Ian Rodger in Zurich

Ciba, the Swiss pharmaceuticals and chemicals group, yesterday said it would float its Mettler Toledo weighing machinery division on the Swiss stock market next spring.

The flotation, the latest in a series of moves by Ciba aimed at sharpening its focus in health-care businesses, was warmly welcomed by investors. The group's registered shares jumped SFr19 to SFr951 following the announcement.

"We expect more steps like this to optimise the non-health holdings, and we think it will lead to a real revaluation of the shares," said Mr Philippe Buchli of Bank Sal. Oppenheim in Zurich.

Ciba has lagged behind the two other large Basle-based pharmaceuticals and chemicals groups, Roche and Sandoz, in hiving off non-core businesses.

However, the past few weeks have seen a flurry of activity, with the chemical composites division being sold to Hexcel of the US and a joint venture in textile chemicals set up with BASF of Germany. Mettler Toledo is the world leader in weighing machines for laboratory, industrial and retail applications, with sales last year of SFr1.06bn ($938m), 5 per cent of Ciba's total sales.

Ciba acquired Mettler, a Swiss company that invented the single-pan analytical balance, in 1980, and bought Toledo Scale, the largest US maker of industrial scales, in 1989.

Mr Rolf Meyer, finance director, said the group was aiming to produce a preliminary prospectus for the public offering next spring after publishing its 1995 annual accounts.

It was not yet clear what portion of Mettler's equity would be sold, but it seemed Ciba would not follow Sandoz's example last June of floating 100 per cent of its industrial chemicals division, now known as Clariant.

"The idea is to launch a very significant portion of it. We may retain a small proportion, partly to demonstrate our confidence and partly because we think Mettler is going to do very well in the next few years," Mr Meyer said.

Mettler's financial record and structure would only be disclosed in the preliminary prospectus, but some analysts said yesterday that Ciba might raise between SFr750m and SFr1bn from the flotation.

Mr Meyer described Mettler as "a very clear number one" in both laboratory and industrial markets, "with quite some distance" between it and its competitors.

It was also the front runner in developing custom systems for specific applications, such as machines for measuring both the weight and volume of parcels.

He said it had "good profitability and cash flow", although annual sales growth of about 5 per cent in the past five years had been masked by the strengthening of the Swiss franc.

About half of its products go into industrial applications, a third in laboratories and 16 per cent to the food retail trade. Half of its sales are in Europe, 41 per cent in the US and the remainder in Asia.

Research and development spending consumes 7 per cent of revenues.

Commercial Union is to continue foreign expansion

UK insurer's fighting talk in a hard market

If the UK financial services industry is ripe for consolidation – as the prevailing wisdom runs – nobody appears to have persuaded Mr John Carter, chief executive of Commercial Union, the largest UK-based composite insurer.

CU is not afraid occasionally to set the pace among UK insurers. Last year it acquired Groupe Victoire, the French insurer, in a £1.43bn ($2.25bn) deal which propelled it into the top division of European insurers. It was also the first insurer to set up a joint venture with a bank – Abbey National – to sell general insurance.

But Mr Carter is unimpressed by market speculation that the planned merger between Lloyds Bank and the TSB Group presages a wave of takeovers. "I don't think the economic case is yet proven," he says. "I don't think that the evidence is there that the companies that are bigger than the British composites... are more efficient."

In an interview, he makes it clear that in contrast to some other composite insurers, which sell both life and general insurance, CU is not about to seek a UK life company. Sun Alliance is known to be looking for an acquisition, while General Accident is buying Provident Mutual.

Instead, Mr Carter says CU is looking to build its UK life operations organically. This is fighting talk, given the harsh market that has seen sales fall across the sector recently.

CU alone has been hit by a 29 per cent drop in sales of its annual premium policies in the first half of this year.

Mr Carter argues that provided a company achieves a minimum size, it can compete successfully if it focuses on particular products or ways of selling. Earlier this year, for example, CU's life business stopped selling through a direct sales force. It now concentrates on selling through independent financial advisers.

In terms of group investment, however, the UK comes lower on the list than areas which seem to offer better prospects for medium to long-term growth, such as France, Italy, and the development of CU's life business in Asia. "The life market in the UK... would not necessarily be the area of first priority for investing capital," Mr Carter says.

Expansion overseas seems to have served CU pretty well: its pre-tax profits for the first half of this year rose from £196m to £246m largely because of overseas activities. Although its share price has generally underperformed the insurance sector over the past couple of years, it has recovered somewhat since the Groupe Victoire acquisition.

This may account for the group's reluctance to diversify into deposit-taking in the UK. Though CU's operations include a small bank in the Netherlands – the country where the selling of insurance by banks is furthest advanced – Mr Carter is not about to follow Prudential, the UK's largest life assurer, in seeking a UK banking licence.

As for non-life markets, Mr Carter admits competition is fierce: CU has seen its private motor book shrink significantly. But taking over weaker rivals is not necessarily the answer to overcrowding. "When markets are competitive there are winners and losers and the winners tend to get bigger and the losers tend to get smaller. So the normal market forces work."

The size issue is also less relevant than some observers think when it comes to competing internationally, Mr Carter argues. A Department of Trade and Industry report this summer warned that UK insurers were vulnerable to acquisition by financially-stronger, continental European rivals.

Mr Carter points to other factors – such as access to capital, the resilience of the local currency and the strengths of an insurer's home base. The pound's relative weakness, he says, "is one of the reasons why there isn't [in the UK] a major worldwide reinsurer" – a group that provides protection to insurers against big losses and require large, stable capital bases.

But he is optimistic that the UK insurance market will become more attractive. Next month's Budget is expected to include tax relief for "equalisation reserves" – funds built up over a number of years for paying claims when large natural disasters strike. Such fiscal perks have been long enjoyed by continental rivals.

In his role as chairman of the Association of British Insurers, Mr Carter is also arguing for tax relief on long-term savings.

He has set himself the tasks, while ABI chairman, of helping the sector to work with government on the provision of long-term benefits, such as pensions, and of improving the standing of the UK life sector.

But one problem he faces is that on several sensitive issues the ABI cannot present a single view because the interests of its members diverge.

Nowhere is this more obvious than in the third area Mr Carter identifies as requiring the ABI's attention: the future of the London insurance market where many of the world's biggest risks are underwritten.

A joint strategy committee which includes organisations such as the ABI and Lloyd's of London has been set up to respond to the threat of global competition from strongly capitalised insurers and reinsurers in Bermuda, Germany, Switzerland and France.

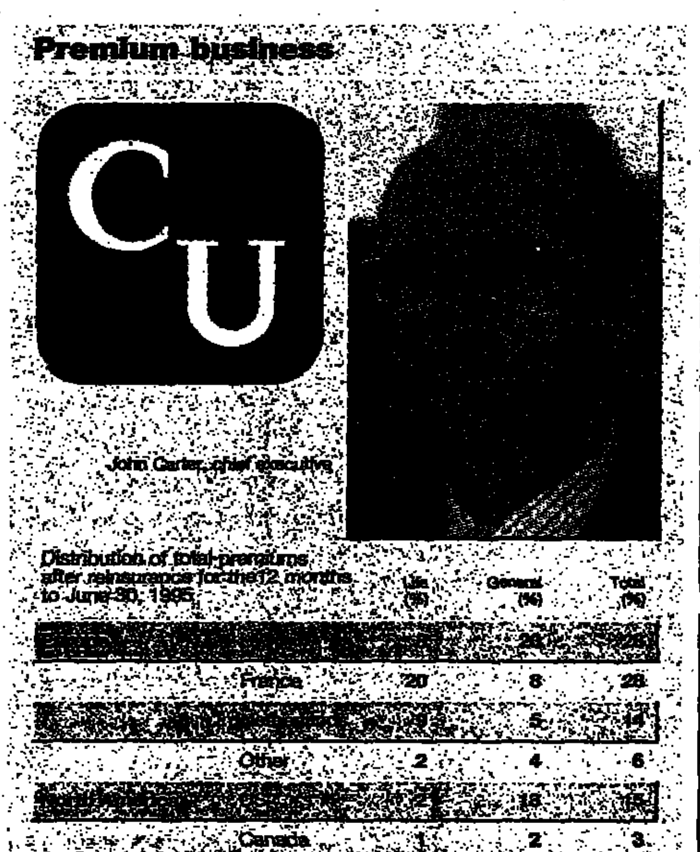
Mr Carter believes London can be successful in future, but that it will probably have to change the way it works, for example, using technology to make processing more efficient and looking again at how brokers spread business around insurers.

But Mr Carter shies away from another issue many observers believe is crucial – whether the market bodies, including Lloyd's, should be merged under one umbrella. It is a highly political issue with all the bodies unwilling to get into bed with each other. Instead he says that the key issue "is for the people handling the business to be efficient and for the business to continue to flow into London".

Here as elsewhere, "consolidation" and "merger" are clearly words not on Mr Carter's mind.

Ralph Atkins and Alison Smith

Premium business



Source: company report

Mediobanca may not need to launch full bid for Ferfin

By Andrew Hill in Milan

Mediobanca, the Milan merchant bank, will almost certainly not have to launch a full public bid for Ferruzzi Finanziaria (Ferfin), in spite of its rapid accumulation of shares in the Italian holding company last week.

That was the verdict yesterday of analysts and the market, in the wake of Mediobanca's announcement on Saturday that it had bought a 10.7 per cent stake in Ferfin to prevent any attempt to take over and break up the holding company.

After buying shares aggressively at an average price of L1,580, Mediobanca and its allies now hold about 35 per cent of Ferfin's shares.

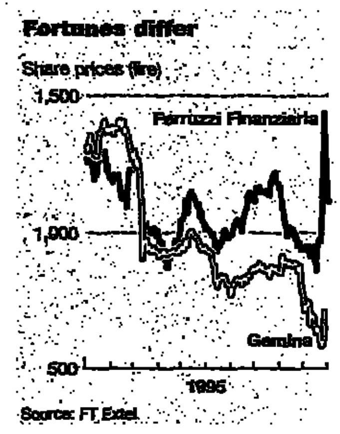
Consob, the Italian stock market watchdog, is examining last week's purchases to see whether it should set a threshold for stakes in Ferfin, above which a public offer would be triggered. But legal experts said yesterday that it would be difficult or impossible for Consob to apply such a ruling retrospectively.

Apart from the immediate defensive reasons for acquiring the stake – which cost the merchant bank L250bn ($156m) – Mediobanca's medium-term strategy seems to be to keep alive the plan to merge Ferfin with Gemina, the investment company controlled by the bank and its corporate allies. The controversial plan was shelved a week ago, because of the financial and legal problems of Gemina and its RCS publishing subsidiary, which are being investigated for alleged falsification of accounts.

Ferfin's shares, which gained last week as Mediobanca built up its stake, fell 17 per cent yesterday to L1,103. But Gemina's shares closed up L11.8 at L712.5, having risen as high as L788.

The latest battle for control of Ferfin has pitted Mediobanca against a loose coalition of Italian banks, which converted loans into equity when Ferfin and Montedison, its main industrial asset, were rescued from near-bankruptcy in 1993.

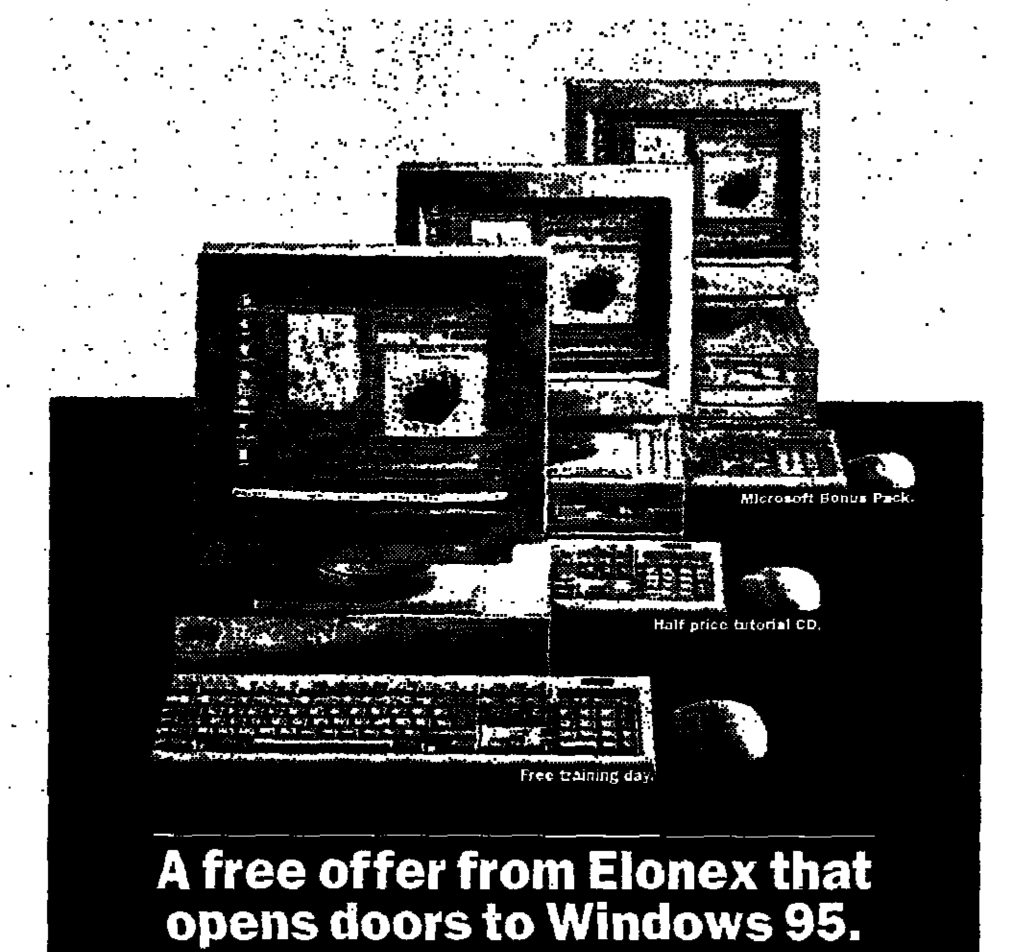
Fortunes differ



Source: FT Extel

At the time, Consob did not set a threshold for an automatic takeover bid at Ferfin, because of the exceptional circumstances of the rescue. The Bank of Italy gave the banks an 18-month derogation from rules which limit banks' investments in private companies. Both those decisions may be reviewed.

Lex, Page 16;
World stock markets, Back page



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ISS shares fall on profit warning

By Christopher Brown-Humes in Stockholm

ISS of Denmark, the world's largest contract-cleaning group, warned yesterday that 1995 profits would fall below last year's level because of continuing problems in its US and German units. Operating profits would fall 10 per cent from 1994 and earnings per share would be 20 per cent lower, it said. ISS's shares fell DKr18 – or 12.5 per cent – to DKr125.

The warning comes little more than two months after the group had suggested the worst of its difficulties in the US and Germany were behind it. It had hoped to maintain earnings per share at last year's level. The main problems in both countries have been contract losses and narrower margins.

In New York, savings have not compensated for the loss of a number of important contracts. The group has additionally been hit by disappointing results from a new sales campaign and poor results from a laboratory associate.

It expects its 1995 North American operating results to fall as much as $12m below last year's level.

In Germany, the group said tough price competition and management upheaval had helped to undermine its performance. This would lower 1995 operating profits from its German unit from DKr38m ($6.99m) last year.

ISS's first-half profits sank 39 per cent from DKr235m to DKr142m, partly because of severance, and restructuring costs linked to the US and Germany and partly because of the weak dollar. In the same period, turnover fell from DKr7.25bn to DKr6.97bn and operating profit dropped from DKr301m to DKr271m.

ISS said new management had been installed in both countries and further restructuring initiated. It added that activities outside these countries continued to develop satisfactorily.

A new broom with the know-how

Hilary Barnes looks at the challenges facing ISS's new chief executive

Mr Waldemar Schmidt, who this month took over as chief executive of ISS International Service Systems, Denmark's international cleaning group, has no hesitation in admitting he has a hard act to follow.

He succeeds Mr Poul Andreassen, the flamboyant and visionary manager who in the 33 years of his reign built up ISS from a small domestic cleaning business into the world's leading company in its field, with more than 120,000 employees in Europe, Brazil, North America and east Asia.

The change was never going to be a simple affair. To start with, after the acquisition in May this year of the ESGO Group, the east Asian cleaning concern with 10,000 employees and a turnover of $50m, the changeover was brought forward by six months, in order to give Mr Schmidt full control over the integration of this big new acquisition.

Other problems arose because Mr Schmidt was one of two internal candidates for the top job. The other was the former manager of ISS Inc in New York, Mr Henrik Slipsager, who resigned last year when he was passed over.

Several other senior staff, who either backed the wrong horse or felt the job would not be the same without Poul Andreassen at the helm, have also left. The most notable departure was Mrs Lise Friis, the long-standing group finance manager.

The hand-over was further complicated by the departure, just days before Mr Schmidt took over, of Mr Denis Spina, who had headed ISS Inc in New York for the past year – a matter which had Mr Schmidt crossing the Atlantic twice within a week.

He arrived home the second time, – kept going, he says, merely on adrenalin – for the presentation of his new management team. The most important colleagues on the management board include Mr Sven Ipsen, director of ISS Scandinavia, and Mr Joern Wendel Andersen, the new finance manager.

Speaking from his office in ISS's new headquarters in a leafy suburb of Copenhagen, Mr Schmidt admits he had butterflies in his stomach on the day he took over as chief executive. With 120,000 employees to think about, it is an awesome responsibility, he says.

He brings a new style as well as a new team to the top job. He is quieter than Mr Andreassen, though no less ambitious, and after 20 years with the group knows the business inside out.

Source: FT Extel

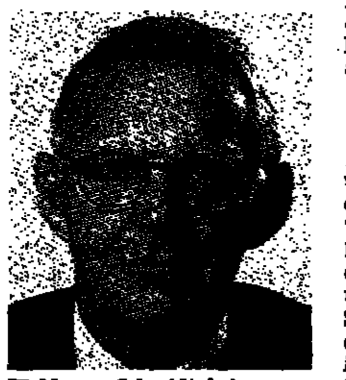
That includes experience on the floor. "I know what it's like. I did a turn on the 5am to 8am cleaning shift when I joined the business," he says.

He maintains he will deliberately adopt a lower profile than Mr Andreassen and allow divisional heads to do more of the talking in public.

The group's strategy and aims will not change. These were presented to shareholders – and Mr Schmidt made the presentation on 40 different occasions – when a new share issue was made in New York last year, giving ISS a New York Stock Exchange listing.

Before yesterday's warning, the group had committed itself to an increase in turnover of between 10 per cent and 12 per cent a year over the next five years, doubling turnover during the period, and an average annual 15 per cent to 20 per cent pre-tax profit. This meant raising the margin of profits on sales from about 4.5 per cent to 6 per cent. Previously, a confident Mr Schmidt claimed it was "a perfectly realistic aim".

If 1996 is used as a starting point, it could be argued he is


Waldemar Schmidt: brings a new style to the top job

starting from a favourable position. This year has proved a disappointment. The group lost some important contracts in the US and had to renegotiate a big contract in Germany on less lucrative terms.

Worse, the weakness of the dollar against the krone (which tracks the D-Mark) hit earnings when translated into the Danish currency. But with luck, Mr Schmidt's first full year at the helm will see a return to healthy profits.

Future growth will come half from acquisitions and half from organic growth, but as new cash calls cannot be made on shareholders in the near future, acquisitions may remain relatively small – like yesterday's purchase of SPC Gruppen, the Swiss cleaning group with annual turnover of DKr200m ($36.8m). This suits Mr Schmidt.

"With small businesses, our know-how increases the size of the business and its profits. With big acquisitions the synergies are too often negative, rationalisation by reducing the workforce," he says.

There are two, related elements to the process of raising the profit margin – specialisation and personnel training. Job training – from the cleaning personnel through supervisors to middle management and up – has always been an important element in ISS's approach, which has its own ISS University in Copenhagen for training middle management.

It is ISS's ambition to raise the status of the lowly cleaner, thus lifting the wage level, and improving the quality of service to customers. "It is our aim throughout Europe to raise the level of cleaning personnel from unskilled to semi-skilled," Mr Schmidt says. Such is ISS's commitment to this ideal that it refuses to compete for contracts if it has to push wages too low.

For example, ISS pulled out of the tendering this summer to renew its contract at Heathrow's Terminal One, where ISS was paying cleaners £5 ($7.90) an hour. The new contractor is paying £3.50 an hour, according to ISS.

Specialisation and segmentation is the second factor which, if all goes according to plan, will improve ISS's margins.

ISS has no intention of moving away from its core business areas, characterised by Mr Schmidt as jobs which require low skill and have to be done every day. The group's companies are increasingly focused on special areas, such as hospital cleaning and related services (catering, portering and car park management), food hygiene, computer clean-room cleaning, or big customer key account business.

With specialisation of this kind, profit margins of about 8 per cent can be achieved, says Mr Schmidt.

All of these securities having been sold, this announcement appears as a matter of record only.

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Paribas Capital Markets | **SBC Warburg**

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Goldman, Sachs & Co. | **Merrill Lynch & Co.**

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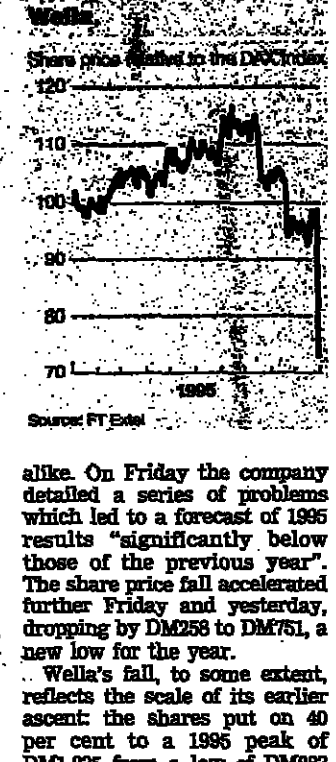
October 1995

Wella preference stock tumbles to new low for year

By William Cochrane

In the past 11 weeks the preference shares of Wella, the international haircare group, have plunged almost 40 per cent compared with a 5 per cent decline in the Dax index.



Source: FT Extel

Wella underperformed the market by 7 per cent in the first month of that period, from mid-August to mid-September, as some brokers expressed generalised worries about its international expansion; they were beginning to see that its ambitions in China, for example, could be a burden on profits in the short term.

The next blow was sharper. The shares dropped DM100 to DM1,050 on September 21 after the resignation of chairman Mr Peter Zühlsdorff, because of "irreconcilable differences" with the majority family shareholders on Wella's "strategic direction".

The stated strategy of Mr Zühlsdorff, notes Mr Hans-Peter Wodniok, head of German equity research at Crédit Lyonnais in Frankfurt, was to focus on creating value for shareholders, much of that through the improvement of profit margins. Operating profit margins had risen from 6 per cent of sales in 1990 to 9.3 per cent in 1994 and earlier this year, analysts saw the process continuing in 1995 and 1996.

Early last week Wella was telling the German press that expansion in market share was now its prime consideration. More brokers got worried, especially in Germany where, for decades, they had seen the pursuit of market share at the expense of profit margins.

However, the end of last week was shocking for Wella's supporters and detractors alike. On Friday the company detailed a series of problems which led to a forecast of 1995 results "significantly below those of the previous year". The share price fall accelerated further Friday and yesterday, dropping by DM258 to DM751, a new low for the year.

Wella's fall, to some extent, reflects the scale of its earlier ascent: the shares put on 40 per cent to a 1995 peak of DM1,235 from a low of DM883 early in the year. It was dragged up in the feverish search for European growth stocks after US investors plunged into the few high-tech prospects, like Ericsson of Sweden, Nokia of Finland, SAP of Germany and Philips of the Netherlands.

Mr François Langlade-Demoyen, the CS Boston Eurostragegist who previewed the growth stocks phenomenon in July of last year, still likes them in preference to cyclicals, and includes cosmetics and luxury goods producers among them. However, he said yesterday, he required strong management as well as strong brand names.

Easdaq exchange comes a step closer

By Conner Middelmann

The establishment of a pan-European stock exchange for fast-growing companies came a step closer yesterday with the appointment of the International Securities Market Association to develop and operate a share quotation system for the European Association of Securities Dealers Automated Quotation System (Easdaq).

Easdaq, which was incorporated in May, plans to become an exchange trading the shares of smaller, entrepreneurial companies with ambitions for rapid growth and an international shareholder base.

The Easdaq system is set to be launched in the second half of 1996. Trading on the market will be be quote-driven, with European and US marketmakers displaying competing prices over the system. However, Easdaq is also planning to develop an order-driven trading system for companies with low-liquidity shares.

ISMA will develop and operate Easdaq's trading system and disseminate quotes over its international computer network. Participation will be open to dealers around the world. Trax, ISMA's real-time trade confirmation and reporting system, developed in 1989 for international bond traders, will be adapted to meet Easdaq's regulatory requirements.

"This is a concrete step towards making Easdaq a reality," said Mr Jonathan Freeman, head of business development at Easdaq in London. "ISMA has a unique international distribution network and links to the big settlement organisations. It is a reputable and strong organisation with similar interests to our own – it's almost a natural partner."

Easdaq has 43 shareholders in nine countries, including investment banks, stockbrokers and Nasdaq, the US exchange. Its objectives include the creation of an independent market with a higher risk-return profile.

EUROPEAN NEWS DIGEST

Deutsche Telekom float timetable set

Deutsche Telekom, the German operator, yesterday said it would list on a number of stock exchanges worldwide in November next year as part of one of the world's biggest listings, expected to raise about DM15bn ($10.7bn).

The company said it would begin a public relations campaign in April, begin placing its shares in the middle of next year, and expected the process to be completed in November. Shares are expected to be listed in Frankfurt, New York, London and Tokyo and possibly other smaller stock exchanges, the company said.

Analysts have been awaiting details of Deutsche Telekom's privatisation. While the company is one of the world's largest and more attractive operators, its listing will have to compete with other big international placements. An international consortium of banks led by Deutsche Bank, Dresdner Bank and Goldman Sachs will place the shares in five regions worldwide. *Michael Lindemann, Bonn*

Extra 15m KPN shares issued

The government of the Netherlands has sold an additional 15m shares in Koninklijke PTT Nederland (KPN), the Dutch telecommunications and postal group, to the underwriters of its recent sale of 100m shares. The shares were sold after ABN Amro, global co-ordinator, exercised its 30-day "greenshoe" option, and reduce the government's stake in KPN from 48 per cent soon after the October 23 sale to about 45 per cent. The move was designed to cover over-allotments and ensure an orderly after-market.

The additional shares will raise about Fl 825m ($526m) before costs for the government, boosting the total value of the second tranche of KPN shares to Fl 6.33bn. On October 22, the government fixed the sale price of the shares at Fl 55, with retail investors given a Fl 2.50 discount on the first 100 shares. KPN's shares on the Amsterdam Stock Exchange have remained around their Fl 55 sale price since the completion of the second tranche. *Ronald van de Krol, Amsterdam*

Four new directors for Mediaset

Four new directors were appointed yesterday to the board of Mediaset, the holding company for Mr Silvio Berlusconi's television and publicity activities, as a prelude to international investors' acquisition of a minority stake in the company. The new board members are representatives of Kirch, the German media group, Richemont, the Swiss-based company controlled by the Rupert family of South Africa, and Prince al-Waleed bin Talal bin Abdul of Saudi Arabia.

They agreed in July to buy a 25 per cent stake in Mediaset from Fininvest, Mr Berlusconi's private holding company, for L1,800bn ($1.12bn). That stake should be diluted to just under 20 per cent in a subsequent capital increase. Kirch, which will own 10 per cent, has appointed Mr Jan Mojto and Mr Joachim Theye to the Mediaset board; Richemont, with 5.7 per cent, will be represented by Mr Robert Hersov; and Mr Richard Bushman will represent Prince al-Waleed, who is taking a 4.1 per cent stake.

Fininvest said the technicalities of the deal were nearly complete, and that the group was examining the necessary measures to seek a stock market listing in Milan, New York and London during 1996. Mediaset said it had realised a first-half profit of L360bn, before tax and third party interests, on sales of L1,666bn. *Andrew Hill, Milan*

Brussels clears Finnish merger

Repola and Kymmene, the Finnish forestry groups, yesterday won European Commission approval for their plans to create Europe's largest pulp and paper company after they agreed to change their marketing arrangements and divest some Finnish paper sack capacity. The two companies said they would market their own products and end the current relationship between United Paper Mills, the Repola forestry subsidiary, and the Finnpap marketing association.

They have agreed to sell some sack capacity after the commission said the merger would give them too dominant a share of the Finnish market. The commission was not worried about the combined group's broader European dominance, saying its share of the newsprint and magazine paper markets would be less than 20 per cent. UPM-Kymmene, to be formed next May, will have annual forest product sales of FM45bn ($10.64bn) and total sales of FM55bn. *Christopher Brown-Humes, Stockholm*

■ Hoechst Marion Roussel, the US pharmaceuticals division of Hoechst of Germany, is considering discontinuing US sales of Probucol, a cholesterol-lowering drug, because of regulatory costs. The US pharmaceutical company was scheduled to discuss Probucol at a Food and Drug Administration panel hearing on November 17. Hoechst was expected to provide the FDA with new scientific data demonstrating the effectiveness of Probucol. But it may pull the drug from the market and cancel the meeting, he said. Last year Probucol generated US sales of about $15m and $28m worldwide. *AFX News, Washington*

Gaining critical mass at a stroke

Alcatel deal adds to Havas' strength in publishing, writes Andrew Jack

Ten days ago, at a secret meeting near Paris, senior executives of Alcatel Alsthom and Havas sealed final details of an ambitious restructuring plan.

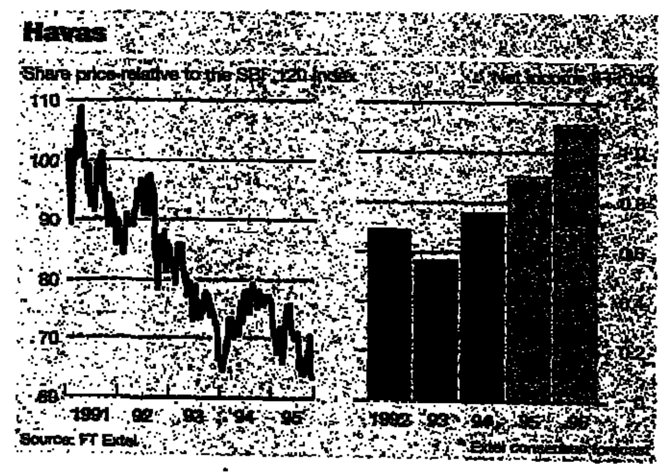
They decided that Alcatel would take a 21.2 per cent stake in Havas, the media and leisure group. In exchange, the telecoms, transport and engineering business would hand over all its interests in print media. The deal transforms Havas into the world's fifth-largest publishing group, with projected turnover for 1995 of FFr45bn ($9.24bn).

The move also strengthens the position of Mr Pierre Dauzier, chairman of Havas. Although an outsider to the country's business elite, he is reported to be a close friend of President Jacques Chirac.

From a business perspective, the advantages for Havas are clear. The group gains a number of leading French publications – including the two weekly news magazines, Le Point and L'Express – and clear control of CEP Communications, a specialist magazine publisher, in which Alcatel currently holds 25 per cent.

For a company which has been criticised for lack of critical mass and failure to develop a clear strategy, the acquisitions add substantially to Havas' strength in publishing. It claims the move will allow it to compete internationally.

The move has deftly diluted the power of its other investors such as Canal Plus, Société Générale and France Télécom.



Source: FT Extel

Instead, it has created a single stable, core shareholder in the form of Alcatel, which will put two directors on the board, including Mr Serge Tchuruk, chairman.

Mr Tchuruk and Mr Dauzier have talked boldly about synergies between the two groups. Havas would be able to exploit Alcatel's success in foreign markets, for example.

They said the two groups working in partnership would also be in a better position to succeed in the growing world of multimedia, with Alcatel providing the distribution networks through cable, telephone, satellite and other media, and Havas providing information on them.

Others are more sceptical about whether such an alliance built on shareholdings – particularly of such a size – are meaningful.

"It was a good deal for Havas and rather less good for Alcatel," one analyst said.

In many ways, Alcatel's hand was forced. When Mr Tchuruk was appointed to the group earlier this year, he inherited Générale Occidentale, a media group built up by his predecessor which had little to do with the group's core activities.

"It was too big to be a corporate plaything, and too small to compete with the majors," according to one Alcatel executive.

As a result, Mr Tchuruk had been hinting that Générale Occidentale would develop through partnerships rather than any new investment coming from its parent company.

Alcatel was bound into an agreement expiring in 1998 which gave Havas first rights to buy its stake in Alcatel's CEP magazine business – owned through Générale Occidentale – on very low terms. The stake in Havas was needed because the media group held little cash.

In spite of talk of partnership, Havas obtains none of Alcatel's shares. Mr Tchuruk justified the position by saying "cross-participations are no longer the fashion in France".

Others suspect Mr Tchuruk is simply biding his time, and plans to sell his Havas stake as quickly as possible after a two-year freeze expires – a process that would prove more difficult if the two group's shares were intertwined.

In the meantime, for all the rhetoric about focusing on core activities, Alcatel continues to hold a substantial investment in print media through its Havas stake – but these are shares which are liquid and have considerable growth potential before any eventual sale.

Given the circumstances, the deal looks expedient. But a number of questions remain. Most significantly, Havas needs to cope with the malaise of the French print media.

Its new titles may provide some economies of scale, and CEP's traditional strength in specialist publications should help. However, generalist titles, such as Le Point and L'Express, have been suffering declining circulation and falling advertising revenue. The way forward will not be easy.

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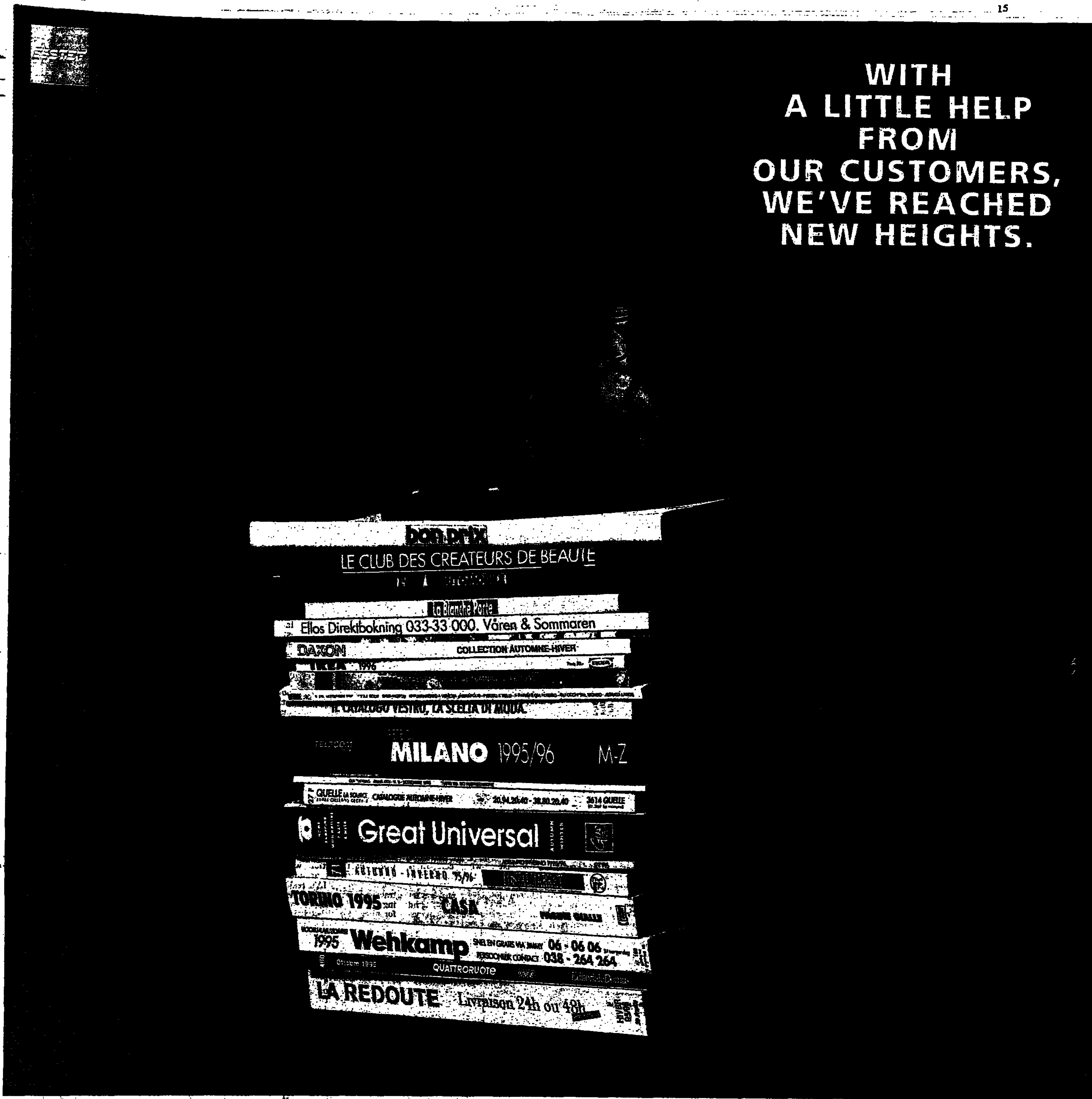

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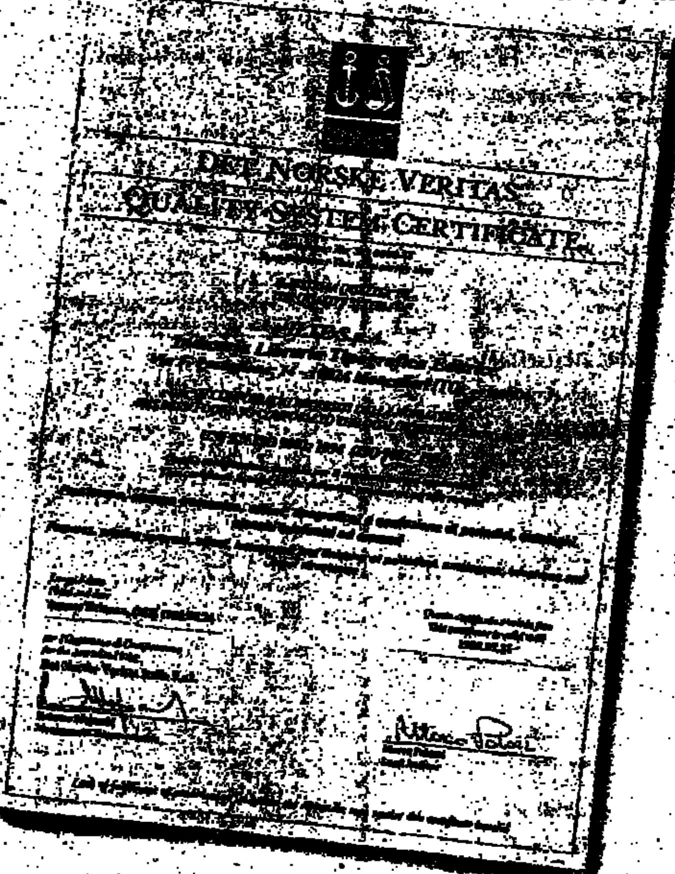

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INTERNATIONAL COMPANIES AND FINANCE

AMERICAS NEWS DIGEST

Cummins Engine to cut workforce 8%

Cummins Engine, the leading US manufacturer of diesel engines for heavy-duty trucks, said it planned to make redundant 2,000 workers, about 8 per cent of its global workforce, and was considering selling or consolidating a number of its operations in response to declining North American demand for heavy-duty truck engines.

After three years of strong activity, US heavy truck assembly is expected to level off this year and begin a decline. "Through these actions, we intend to reduce our costs substantially and position ourselves for increased growth and profitability in the future," Mr Jim Henderson, Cummins' chairman, said. Cummins said it would take an unspecified charge to its fourth-quarter earnings to account for the redundancies and restructuring.

Wall Street responded positively to the announcement, with Cummins' shares gaining $¼ to $36¼ in early trading. In the fourth quarter of last year, the manufacturer of engines and power systems earned $70.2m, or $1.68 a share, on sales of $1.28bn. *Laurie Morse, Chicago*

Endesa in deal with US utility

Endesa, Chile's biggest generating company, yesterday said it was inviting Entergy, a US utility with which it has joint ventures in Argentina and Peru, to take a minority stake in its first gas-fired generating plant, scheduled to be built next year.

The gas will be supplied by the GasAndes pipeline, one of two rival projects to bring gas from Argentina to Chile across the Andes. Entergy announced last week that it was not going ahead with its own plans to build two gas-fired plants, and was withdrawing from a transport agreement with the rival project, TransGas.

Endesa also announced it would be taking up a 10 per cent stake in the GasAndes pipeline project. It is to pay $1m for the stake, which gives it the right to elect one director. Endesa's majority shareholder, the Enersis group, had been a partner in the TransGas project but withdrew from it in July when Endesa opted to use the GasAndes pipeline. *Imogen Mark, Santiago*

Quebecor ahead in third quarter

Quebecor, the Canadian-based international publishing, printing and newsprint group, posted a 43.6 per cent gain in third quarter earnings to C$36.3m (US$26.9m), or 56 cents a share, up from C$27.2m, or 39 cents, a year earlier. Revenues were C$1.4bn against C$1.1bn, an increase of 29 per cent.

Earnings after nine months rose 73.5 per cent, from C$56.3m, or C$1.04, to C$95m, or C$1.44. The 1994 period included a C$14m special charge. Revenues were up 43 per cent, from C$2.8bn to C$4bn. The gains came mainly from expansion of the group's commercial printing units in North America, Mexico, the UK and France, and from its Donohue newsprint producer. *Robert Gibbens, Montreal*

Imasco flat at nine months

Imasco, the Canadian tobacco, financial services and retailing group, which is 40 per cent-held by BAT Industries of the UK, reported net profit of C$154m (US$112.4m), or 65 cents a share, in the third quarter, up from C$153m, or 63 cents, a year earlier. Revenues were C$2.5bn against C$2.38bn.

Imasco, which is expanding in drugstore retailing, had nine-months' earnings of C$398m, or C$1.67 a share, up from C$356m, or C$1.46, on revenues of C$7.4bn against C$6.8bn. *Robert Gibbens*

Novell quits software applications market

By Louise Kehoe in San Francisco

Novell, the leading personal computer networking software company, said it would withdraw from the market for PC applications programs and planned to sell its business applications division.

The decision follows a sharp drop in Novell's sales of applications programs, such as the WordPerfect word processor, since the August launch of Microsoft's Windows 95. Novell's applications programs, aimed at business PC users, are designed for use on older versions of Windows.

Earlier this month Novell said sales of applications programs in the fourth fiscal quarter, ended October 28, would fall to about $59m, or about 16 per cent of total revenues, down from $134m, or about 28 per cent of total revenues in the same period a year ago.

Novell said it expected fourth-quarter earnings to be between 15 and 18 cents a share. Last year, final-quarter net earnings were 17 cents a share.

Novell's decision to drop out of the software applications market represents a significant retrenchment. Only last year, Novell substantially expanded its presence in the sector through the acquisition of WordPerfect for $1.4bn and Borland International's spreadsheet business for $145m.

Through the acquisitions, Novell aimed to challenge Microsoft, which holds more than 80 per cent of the market for office application suites which incorporate a word processor, spread sheet and other standard business applications.

That strategy backfired, however, when Novell was unable to launch Windows 95 versions of its applications in time for the August launch of the new operating system. Novell had planned to introduce a Windows 95 version of its Perfect Office suite early next year.

Novell said its objective was to "successfully place" its business applications division with an industry partner before the end of January 1996. It aims to ensure that users of its business applications programs will be well supported.

In addition, Novell's board of directors yesterday authorised a stock repurchase programme covering 37m shares, or about 10 per cent of outstanding stock, over the next 12 months.

In early trading yesterday Novell shares were $15⅞, up from Friday's close of $14⅞.

Netscape cuts prices to encourage take-up

By Louise Kehoe

Netscape Communications, the leading Internet software company, has slashed the prices of its server software for electronic commerce and communications in an attempt to speed up the adoption of its programs.

The company has reduced the price of its Netscape Commerce Server for use on computers running the Unix operating system to $2,995 from $5,000, and for the Windows NT version to $1,295 from $2,995. Netscape has also cut the prices of its Netscape Communications Servers.

Last week, Netscape surprised investors by reporting a third-quarter profit of $1.4m, or 4 cents a share, on a 75 per cent revenue gain to $20.8m. A few months ago, the prospectus for Netscape's initial public share offering warned of operating losses "for the foreseeable future".

Netscape said its goal was to break even in the coming months as it expanded its business. By reducing its prices the company hoped to increase the number of sites on the World Wide Web, the multimedia segment of the Internet, that used Netscape software.

"Netscape's servers have sold well for both enterprise and Internet commerce applications over the past year," Mr Atri Chatterjee, Netscape director of server product marketing, said. The software is used to establish both public sites on the Internet and private communications systems on corporate networks.

The aggressive price reductions would "help to further accelerate the adoption of our high performance, industrial-strength servers and security technology, creating a ready platform for a host of online applications," he added.

However, Netscape faces increased competition in the market for Internet software. Yesterday, for example, Oracle, the leading database software company, announced new server software designed to link corporate databases to the Internet.

Microsoft is also competing with Netscape in the market for World Wide Web browser software.

Yesterday Netscape's share price reached a new high of $83¼ in mid-session, after closing on Friday at $81¼.

Comcast to buy cable TV interests of EW Scripps

Comcast, the leading US cable company, is to buy the cable TV interests of E.W. Scripps in exchange for $1.575bn of Comcast class A special common stock, which represents a price of $19.68 per Scripps share, Reuter reports from Philadelphia.

On completion of the deal, Comcast will serve more than 4.3m cable subscribers, making it the third largest cable operator in the US after TCI and Time Warner.

E.W. Scripps is the 16th largest US cable system operator. Its cable properties, including a pending acquisition, serve about 800,000 subscribers, with more than 60 per cent of the subscribers in Sacramento, California; Chattanooga and Knoxville, Tennessee.

In the first nine months of 1995, Scripps' cable unit had revenues of $207.9m, up 10 per cent year-on-year; operating income before depreciation and amortisation, or cash flow, of $86.1m, up 20 per cent; and operating income of $45.1m, up 64 per cent.

Mr Lawrence Leser, chairman and chief executive officer of E.W. Scripps, said: "The industry is changing and consolidation continues at a furious pace, which gives us this opportunity to maximise the value of our systems."

The remaining Scripps businesses – newspaper, broadcast television and entertainment – will continue under the E.W. Scripps name and will focus on the development and ownership of information and entertainment content.

Comcast also said its board had authorised a $500m share buy-back.

● Comcast UK Cable Partners, the UK operating arm of the US group, yesterday confirmed the purchase of the shared UK cable interests with Singapore Telecom International in a deal thought to be worth about $87m, writes Christopher Price in London.

The move marks a further stage in the consolidation of the UK cable industry. Singapore Telecom is swapping its 50 per cent interest in a franchise covering 200,000 homes in the Cambridge area of southern England, for a 17.7 per cent stake in Comcast UK Cable Partners. The UK group is quoted on the Nasdaq stock market in the US.

Singapore Telecom also owns half of the more valuable Yorkshire cable franchise with General Cable, the French-owned group. The deal with Comcast, which took the US group's interests to more than 1m equity homes, will increase speculation that Singapore Telecom will look to restructure its Yorkshire interests.

Whirlpool unit to mix it in Europe

By Andrew Baxter

KitchenAid, the Whirlpool unit which produces the top-selling food mixer in the US, has launched an assault on the European household market for mixers.

The company, whose KitchenAid stand mixer for home use was first introduced in 1919, has already captured in the region of 30 per cent to 40 per cent of the European semi-professional market for mixers, used by bakeries and restaurants.

But after creating a direct sales force from former independent distributors in Europe, it now wants to develop its presence in the "high end" or top quality segment of the household market.

"We think there is a very nice opportunity to take this quality brand into additional markets," said Mr Kenneth Kaminski, vice-president of the KitchenAid small appliance business unit.

KitchenAid said it aimed to become one of the two leading competitors in the high end of the European mixer market, which normally accounts for about 15 per cent of the market as a whole.

It is concentrating on France, Germany, the UK and Benelux countries, and will face stiff competition from producers such as Kenwood in the UK and Bosch in Germany. KitchenAid was acquired in 1986 by Michigan-based Whirlpool, which is the world's largest producer of white goods.

The unit derives 20 per cent of its sales volume from outside the US, but expects this percentage to rise as it expands in Europe, Latin America and Asia.

Sherritt to spin off its Cuba interests

By Pascal Fletcher in Havana

Sherritt Inc, the Canadian metals and fertiliser company which is one of the biggest foreign investors in Cuba, is to expand and diversify its operations on the Caribbean island through a restructuring that spins off its Cuba interests into a separate public company.

The restructuring, which will involve a rights offering to shareholders, will divide Sherritt Inc into two independent companies. One, keeping the name Sherritt Inc, will group the company's North American fertiliser business, its related Canadian oil and gas business and its advanced industrial materials and technology businesses.

The other, to be called Sherritt International Corporation, will be a publicly-traded Canadian company owning all of Sherritt's interests in Cuba, including its nickel and cobalt venture and its international oil and gas assets.

"This is a company whose single strategic thrust is to invest in Cuba," said Mr Ian Delaney, Sherritt Inc's chairman, after a brief visit to Havana during which he announced the restructuring.

He will be chairman of Sherritt International, which plans to build on Sherritt's existing nickel and cobalt mining and oil exploration and production interests in Cuba, and to expand into new areas such as transportation, real estate, tourism, agriculture, sugar, communications and finance.

Mr Delaney said Sherritt had the full backing of the Cuban government for the initiative. He said shares in the new company would be a "proxy for Cuba's industrial and economic recovery. Investments will be made available to the company so that it can expand its business base," although the exact form and size of the new ventures in Cuba had not yet been defined.

Sherritt has been doing business with communist-ruled Cuba since 1990 and is the biggest foreign investor in the island's nickel and cobalt mining sector. It jointly runs – with a Cuban partner – a vertically-integrated mining, refining and marketing operation. Through a subsidiary, Canada Northwest Energy, it is helping to explore for oil on the island and to squeeze more out of existing Cuban wells.

The restructuring, to be completed by mid-December, clearly separates Sherritt's Cuban interests, which could be the target of moves in the US to tighten and widen existing economic sanctions against the island.

Mr Delaney said the new Cuba-focused company would "undoubtedly attract lightning bolts from the United States" but that it would be financially strong and "bullet-proof".

Sherritt's Cuba nickel business subsidiaries, although not the parent company itself, have been blacklisted by the US authorities under the existing Cuba embargo legislation. Mr Delaney said he believed the US embargo on Cuba would be coming to an end soon.

Break-up charges push ITT into $174m third-quarter loss

By Richard Waters in New York

ITT, the US conglomerate that is about to break itself into three separate companies, yesterday reported a third-quarter loss of $174m as a result of charges associated with the demerger.

The quarterly results are likely to be the last reported by the group before the completion of its split into three separate companies – ITT Hartford, an insurance company; ITT Industries, which will inherit the group's manufacturing operations; and the "new" ITT, consisting of the hotels and entertainment businesses.

Costs associated with the break-up, including the early retirement of debt, led to after-tax charges of $470m in the latest quarter and left ITT with a loss of $174m, or $1.49 a share, for the period. A year earlier, post-tax profits were $257m, or $2.01 a share.

Without the charges, ITT would have reported an 18 per cent rise in profits on revenues 19 per cent up at $6.8bn, due in part to acquisitions.

Operating profits from insurance slipped $5m to $224m, despite a 15 per cent jump in revenues. The company attributed the fall to "competitive conditions in the commercial lines segment of property and casualty", among other things.

ITT Industries reported a 12 per cent rise in operating profit, to $122m, on revenues up 10 per cent to almost $2bn.

The hospitality, entertainment and information businesses, meanwhile, registered profits of $117m, up from $69m, on revenues which were up by a half at $1.6bn.

In the group's hotels business, earnings before interest and non-cash items like depreciation rose to $82m on higher room occupancy; in gaming, it doubled to $111m on a pro-forma basis; and in the information services business it climbed to $29m, a rise of 16 per cent.

Mr Rand Araskog, chairman, said the group had received approval for its break-up from regulators, bondholders and shareholders. All three units had received independent credit ratings and each would issue debt in its own right "in the very near future".

NOTICE OF EARLY REDEMPTION

MORTGAGE FUNDING CORPORATION NO.2 PLC
(the "Issuer")

Class B-1 Mortgage Backed Floating Rate Notes Due August 2023 (the "Class B-1 Notes")
and
Class B-2 Mortgage Backed Floating Rate Notes Due August 2023 (the "Class B-2 Notes")

NOTICE IS HEREBY GIVEN that, pursuant to Condition labelled Redemption and Purchase Sub Section (d) (i) of the Class B-1 Notes and the Class B-2 Notes, the Issuer will redeem all outstanding Class B-1 Notes and Class B-2 Notes at their principal amount on November 30, 1995 (the "Redemption Date").

In respect of the Bearer Class B-1 Notes and Class B-2 Notes payment of principal will be made upon presentation and surrender of such Class B-1 Notes and Class B-2 Notes, together with all unmatured Coupons and Talons appertaining thereto. Class B-1 Notes and Class B-2 Notes and Coupons shall become void unless presented for payment within a period of 10 years for Notes and five years for Coupons, from the relevant date in respect thereof. The Class B-1 Notes and the Class B-2 Notes may be surrendered for redemption at the specified office of any of the Paying Agents listed below. Such payment, in respect of the Bearer Class B-1 Notes, and Bearer Class B-2 Notes will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at any specified office of any Paying Agent listed below by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. Payments in respect of each Registered Class B-1 and Class B-2 Note will be made by sterling cheque drawn on a Town Clearing branch of a bank in London in favour of the holder (or joint holders) of such Note and sent by mail (air mail if overseas) (at the risk of the holder or joint holders of such Note) by the Registrar to the person in whose name such Notes is registered (or the first-named of joint holders) at the close of business on the fifteenth business day (the "Record Date") next preceding the due date for payment at his address appearing in the Register but (in the case of payments of principal) only against surrender of such Registered Class B-1 and Class B-2 Note at the specified office of any Paying Agent. On the Redemption Date interest shall cease to accrue on the Class B-1 Notes and the Class B-2 Notes.

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New York, New York 10005

MORTGAGE FUNDING CORPORATION NO.2 PLC
By: Morgan Guaranty Trust Company
as Principal Paying Agent
Dated: 31 October, 1995

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 and amended by the Energy Policy Act of 1992 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class B-1 Notes and Class B-2 Notes to the Paying Agent in New York.

CITICORP

U.S.$350,000,000
Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 5.975% in respect of the Original Notes and 6.0625% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date November 30, 1995 against Coupon No. 120 in respect of US$10,000 nominal of the Notes will be US$49.79 in respect of the Original Notes and US$50.52 in respect of the Enhancement Notes.

U.S.$500,000,000
Subordinated Floating Rate Notes Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at 5.975% and that the interest payable on the relevant Interest Payment Date November 30, 1995 against Coupon No. 121 in respect of US$10,000 nominal of the Notes will be US$49.79.

U.S.$500,000,000
Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 5.95% and that the interest payable on the relevant Interest Payment Date November 30, 1995 against Coupon No. 118 in respect of US$10,000 nominal of the Notes will be US$49.58.

October 31, 1995 London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

BARCLAYS INVESTMENT FUNDS (LUXEMBOURG) SICAV
Galerie Kons, 4th Floor
26, place de la Gare
L-1616 LUXEMBOURG
R.C. Luxembourg B 31439

NOTICE OF DIVIDEND PAYMENT: ON BEARER SHARES

Payment will be made on Barclays Investment Funds (Luxembourg) on or after the 31st October 1995 (ex-Dividend 31st July 1995) at the following rate per share:

European Equity	0.0052 GBP	International Bond	5.8279 USD
UK Equity	0.0222 GBP	International Equity	0.0076 GBP

The dividend will be payable on surrender of coupon no 6.

The following is a list of paying agents for bearer certificates and coupons.
- Banque Internationale à Luxembourg S.A. Boîte postale 2205, 69 route d'Esch, Luxembourg. Barclays Private Bank & Trust Limited, P.O. Box 82, 39/41 Broad Street, St. Helier, Jersey, Channel Islands.
- Barclays International Fund Managers, c/o Barclays Bank plc, 16th Floor, Two Pacific Place, 88 Queensway, Hong Kong.
- * Barclays Bank PLC, Barclays Global Securities Services, Angel Court, Throgmorton Street, London EC2R 7HT, United Kingdom.

*CARE - In certain circumstances UK Tax may be deducted by this Paying Agent.

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ANZ Bank
Australia and New Zealand Banking Group Limited
Australian Company Number 005 357 522
(Incorporated with limited liability in the State of Victoria, Australia)

U.S. $300,000,000
Perpetual Capital Floating Rate Notes

For the six months 31st October, 1995 to 30th April, 1996 the Notes will carry an interest rate of 6.025% per annum with an amount of interest U.S. $304.60 per U.S. $10,000 Note and U.S. $7,614.93 per U.S. $250,000 Note, payable on 30th April, 1996.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London Agent Bank

Lavoro Bank Overseas N.V.
ECU150,000,000
Floating Rate Guaranteed Notes due 2000

For the six months 31st October, 1995 to 30th April, 1996 the Notes will carry an interest rate of 5.84375% per annum with an interest amount of ECU295.43 per ECU10,000 Note and ECU7,385.85 per ECU250,000 Note, payable on 30th April, 1996.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

Bank of Communications
(The Development Bank of the Republic of China)
U.S. $100,000,000
Floating Rate Notes due 2001

For the Interest Period 31st October, 1995 to 30th April, 1996 the Notes will carry a Rate of Interest of 5.975% per annum, with a Coupon Amount of U.S. $7,551.74 per U.S. $250,000 Note. The relevant Interest Payment Date will be 30th April, 1996.

Bankers Trust Company, London Agent Bank

ANZ Bank
Australia and New Zealand Banking Group Limited
ACN 005 357 522
(Incorporated with limited liability in the State of Victoria, Australia)

£200,000,000
Floating Rate Notes due 1997

Notice is hereby given that for the Interest Period 26th October, 1995 to 26th January, 1996, the Notes will carry a Rate of Interest of 6.9375 per cent. per annum. The Amount of Interest per £10,000 Note will be £174.39 and per £100,000 Note will be £1,743.85, payable on 26th January, 1996.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe
Italian Lire 150,000,000,000
Reverse Floating Rate Notes due 1998

For the Interest Period 30th October, 1995 to 30th April, 1996, the Notes will carry an Interest Rate of 9.75313 per cent. per annum with an Interest Amount of ITL245,183 per ITL5,000,000 Note, and ITL 2,451,829 per ITL50,000,000 Note, payable on 30th April, 1996.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

Notice of Redemption

MFC

Mortgage Funding Corporation No.5 PLC
(Incorporated in England and Wales with limited liability under registered number 02079671)

£80,000,000 Class A2
£17,500,000 Class A3
Mortgage Backed Floating Rate Notes
Due November, 2035

£18,500,000
Mezzanine Mortgage Backed Floating Rate Notes Due November, 2035

NOTICE IS HEREBY GIVEN to the holders of the Class A2 Notes, the Class A3 Notes and the Mezzanine Notes that the Issuer has determined in accordance with the Redemption provisions set out in the Terms and Conditions, that the outstanding Class A2 Notes, Class A3 Notes and the Mezzanine Notes will be redeemed in full on the next Interest Payment Date, 30th November, 1995 (the "Redemption Date"). The Principal Payment per Class A2 Note will be £81,250. The Principal Payment per Class A3 Note will be £100,000. The Principal Payment per Mezzanine Note will be £100,000. The Principal Payment on each Class A2 Note, Class A3 Note and Mezzanine Note will be made in accordance with the operating procedures of Euroclear and Cedel.

Bankers Trust Company, London Agent Bank
31st October, 1995

Sakura Finance Asia Limited
(Incorporated in the Cayman Islands)
Mitsui Finance Asia Limited
U.S.$150,000,000
Guaranteed Floating Rate Notes 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three month period 31st October, 1995 to but excluding 31st January, 1996 the Notes will carry an Interest Rate of 6.1875% per annum. Coupon will be US$158.13 on the Notes of US$10,000.

SAKURA TRUST INTERNATIONAL LIMITED
Agent Bank 31st October, 1995

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ECU 300,000,000
Kingdom of Belgium
Floating Rate Notes due 2000

For the period from October 31, 1995 to January 31, 1996 the Notes will carry an interest rate of 5¾% per annum with an interest amount of ECU 1,477.43 per ECU 100,000 Note.

The relevant interest payment date will be January 31, 1996.

Agent Bank:
BANQUE PARIBAS

هكذا من الأصل

Sherritt to spin off its Cuba interests

INTERNATIONAL COMPANIES AND FINANCE

Deutsche Bank unit buys stake in SA broker

By Philip Gawith in Johannesburg

Deutsche Morgan Grenfell, the investment banking arm of the Deutsche Bank group, has bought a 50 per cent stake in Ivor Jones, Roy & Co, one of South Africa's leading stock-broking firms.

The deal comes a week ahead of the deregulation of the Johannesburg Stock Exchange, which will usher in dual capacity trading, negotiated commissions and corporate membership.

The two parties did not announce a price, although according to local press reports it was R50m ($13.75m).

The move is the latest in a series of tie-ups between South African brokers and leading investment banks. Robert Fleming has a long established relationship with Martin & Co, Merrill Lynch has an arrangement with Davis Borkum Hare and SBC Warburg recently linked up with J. D. Anderson.

The DMG partnership follows the breakdown of a similar arrangement which Ivor Jones had with S. G. Warburg, the UK investment bank which merged this year with Swiss Bank Corporation to form SBC Warburg. The Swiss owners of the new merged bank were not prepared to accept a 50:50 partnership, so the relationship ended. This opened the way for DMG.

DMG has also employed the 12 members of the South African equities team that was associated with Ivor Jones and S. G. Warburg in London and New York.

Mr John Craven, chairman of the Morgan Grenfell group, will chair the new IJR holding company. Mr Ivor Jones will be deputy chairman and Mr Ted Woods, managing director. Mr Martin Kingston, a director of Morgan Grenfell, will move to Johannesburg with responsibility for developing the new group's investment banking activities.

The new partnership will seek to bring together the research expertise, and South African franchise, of Ivor Jones' with the global investment banking presence that DMG can provide.

Mr Craven said yesterday he believed there were "very significant investment banking prospects" in South Africa. These were tied to the deregulation of the state and business sectors that was now under way.

He said that apart from opportunities to expand the primary and secondary equity market business, he believed the new partnership would be able to increase significantly corporate finance fee flows, as well as capitalise upon DMG's expertise in areas such as structured finance and privatisation.

South African firms' search for international partners has been driven by their need to expand their international commission flows as a means of replacing the revenue that will be lost because of shrinking margins when negotiated commissions commences next week.

South African broking firms make as much as 80 per cent of their income from commissions. The typical commission on the JSE is estimated at 0.5 per cent and higher, well above the average on international exchanges which have deregulated.

JSE brokers are also likely to lose customers as banks enter the broking business.

Fletcher Challenge sees record profits for year

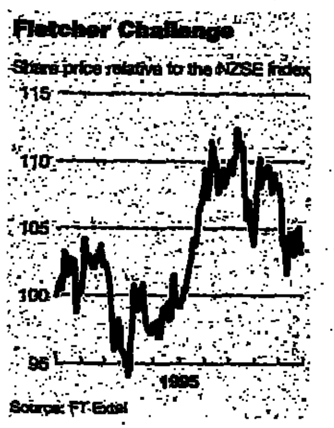
By Terry Hall in Wellington

Fletcher Challenge, the pulp, paper, construction and energy group, was in a strong financial position and expected to achieve record profits for the full year, Sir Ronald Trotter, chairman, told the New Zealand group's annual meeting.

He was releasing first-quarter consolidated earnings for the first time since the company was divided into two publicly listed companies, Fletcher Forests and Fletcher Ordinary Divisions.

Sir Ronald said earnings after tax and minorities to September 30 were NZ$190m (US$124.81m). In the 12 months to June 1995 the group recorded profits of NZ$464m. First-quarter consolidated operating cash flow was NZ$470m.

Sir Ronald, New Zealand's best-known businessman and head of the company from its formation in 1981, said he was retiring as he was "well past my use-by date". He is 68, the retiring age he set for board members. His retirement was



Source: FT Extel

announced about a month ago and he will be succeeded by Mr Bill Wilson, deputy chairman.

Mr Hugh Fletcher, chief executive, said the outlook for pulp and paper earnings this year was very positive. Although the rate of price rises for pulp and paper would not continue, prices for all grades produced by his company had not yet peaked and average prices would be substantially higher in the present financial year than in 1994-95.

He said earnings from the forestry division would be helped by a slightly improved harvest, from last year's 2.4m cubic metres. This would lead to a substantially higher cash flow this year.

Fletcher Challenge expected another "reasonable" year from its Canadian wood products subsidiary, helped by stabilising interest rates in North America and Japan's moves to reflate its domestic economy.

The company was planning to produce 500,000 tonnes of coated newsprint by upgrading the joint venture plant it operated with News Corporation in Albury, Australia.

It had also taken a majority interest in a Chinese steel casting and rolling plant south of Beijing.

Mr Fletcher also announced that the company had made its first investment in a joint venture hardwood forestry company in Argentina and had also invested in several building-related businesses, manufacturing products such as gypsum board and concrete.

Electricity distributor sold to consortium for A$950m

By Nikki Tait in Sydney

Solaris, the second electricity distribution company to be privatised by the Victorian state government, is to be sold to a consortium made up of Australian Gas Light and Energy Initiatives of the US, for A$950m (US$716.66m).

The Solaris sale is the second disposal in Victoria's ambitious plan to turn its electricity industry over to the private sector.

AGL, a Sydney-based listed company, is the country's largest privately-owned natural gas distributor and operates mainly in New South Wales. Energy Initiatives is a subsidiary of the New Jersey-based utility, General Public Utilities, which owns the controversial Three Mile Island nuclear plant.

The two companies are equal partners in the consortium, and both indicated the acquisition was part of a broader strategy to invest in power assets in the region.

"We see this investment in the Victorian electricity business as a stepping stone to further growth in Australia and the Pacific region," said Energy Initiatives. Currently it has no interests in Australia.

AGL, meanwhile, said it was interested in both gas and electricity assets across Australia as they became available to the private sector.

The purchase price includes repayment of Solaris's outstanding debt, put at around A$250m. However, in addition to the A$950m price-tag, the buyers will also pay A$137m of franchise fees to the state over the next five years. The Victorian state government, meanwhile, is expected to use the sale proceeds to help reduce its A$30bn debt, inherited from the previous administration.

Solaris was one of five electricity distribution companies created when the State Electricity Commission of Victoria was reorganised, with a view to its eventual privatisation, in 1993. The largest, United Energy, was sold to a consortium headed by Utilicorp, the Kansas City-based diversified utility company, for A$1.55bn in August.

Solaris, whose geographical area concentrates on Western Melbourne, had assets of around A$550m in 1993-94, sales of A$347m, and about 233,000 customers.

The winning consortium is believed to have beaten three other interested buyers – including two other US-based bidders.

The Victorian government is likely to announce next week the outcome of a similar auction for Eastern Energy, a third distribution company but with a larger rural base.

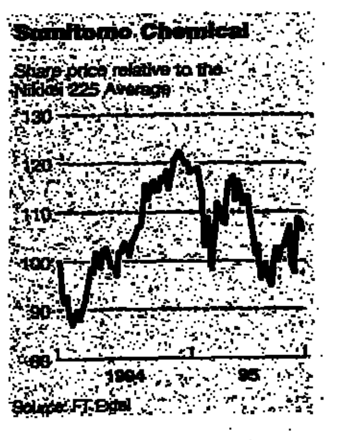
Sumitomo Chemical in black

By William Dawkins in Tokyo

Sumitomo Chemical, Japan's largest producer of fine and agrochemicals, yesterday reported a turnround into profit and forecast continued recovery for the rest of the year.

The group made an unconsolidated recurring profit – before tax and extraordinary items – of Y7.74bn ($76.1m) on sales of Y289.26bn in the first six months to September.

Sumitomo has this year changed its year-end from December to March and therefore was unable to give comparable figures. However, the parent made a Y402m loss on sales of Y273.8bn in the six months to June last year.



Source: FT Extel

Cost cutting, following a company reorganisation, was the main reason for the turnround, said Sumitomo, echoing the experience of many other industrial companies, which are reporting rises in earnings for the first half of this year on only scant increases in turnover.

Of the Y289.26bn sales in the six months to September, petrochemicals accounted for the largest portion, with Y117.3bn. Basic chemicals accounted for Y87.6bn, fine chemicals for Y54.8bn, with agrochemicals making up the remaining Y29.3bn.

Sumitomo yesterday forecast a recurring profit of Y20bn on sales of Y580bn for the full year to next March. Again, there is no comparable period, but the previous 12-month accounting period, to last December, showed a recurring profit of Y1.95bn on turnover of Y560.17bn.

ASIA/PACIFIC NEWS DIGEST

Fujitsu and Sega in multimedia TV link

Fujitsu, Japan's largest computer maker, and Sega, the video games company, are co-operating to provide multimedia services on TV, the companies said yesterday.

The deal between two of Japan's leading high-tech companies will enable users of Sega's Saturn, a 32-bit video games machine, to access Fujitsu's PC network through the television, beginning next March. In addition Saturn users will also be able to access Habitat, a graphical on-line communication service offered by Fujitsu.

In the second half of next year, Fujitsu and Sega will offer new network services specifically to Saturn users, including network games, on-line shopping and educational services. The deal is likely to help Fujitsu expand its PC network which already has 1.2m subscribers in Japan. Sega, meanwhile, could benefit from the increased features Saturn will be able to offer.

While Sega's 32-bit games machine has been a success so far, competition for the advanced games machine market is expected with the launch of a 64-bit machine by Nintendo at the end of the year. *Michiyo Nakamoto, Tokyo*

Nikon to lift overseas output

Nikon, the Japanese camera maker, intends to boost the share of its camera output produced overseas to 75 per cent by March 1999. The company said production at its Thailand camera plant would be doubled to help Nikon meet the goal of dramatically increasing its overseas production from the expected 30 per cent this fiscal year.

The factory makes around 10,000 camera bodies and some 30,000 camera lenses a year, figures which are expected to double in the coming years as the completion of a new production line is completed. The factory accounts for around 20 per cent of the company's total camera output worldwide.

The Nikon spokesman said there were no plans to build a new camera plant overseas to help meet the 75 per cent goal. Nikon may shift some of its domestic camera production workforce into semiconductor-related areas. *AP-DJ, Tokyo*

Offer for Maxtor raised

Hyundai Electronics America, a subsidiary of Hyundai of South Korea, said it was willing to raise its offer for Maxtor of the US to $6.15 a share from $5.15 a share. The initial bid was rejected by Maxtor, a San Jose based producer of hard disk drives, earlier this month. Hyundai Electronics and several related members of the Hyundai Business Group hold about 40 per cent of Maxtor stock.

In a filing with the Securities and Exchange Commission, Hyundai Electronics said it had told Maxtor that it was willing to raise its bid. It also indicated that it was "its best and final offer" and would be withdrawn on November 2, unless it was accepted. *AP-DJ, Washington*

Daishowa Paper in profit

Daishowa Paper, a leading Japanese paper and pulp company under financial restructuring, posted its first interim profit in six years following price increases and an increase in sales.

The company posted a non-consolidated recurring profit of Y4bn ($33m) for the April-September half. This compares with a loss of Y6.9bn the previous year. Sales rose by 10.4 per cent to Y156.1bn and after-tax profits totalled Y3.1bn, against a loss of Y8bn last time.

For the full-year to March, the company expects to post a profit, also for the first time in six years. It attributed this to the recovery in the paper and pulp market, especially in the high-quality paper sector.

Prices are expected to be increased about 10 to 15 per cent on average while falling interest rates are also expected to reduce its interest payment burden.

Non-consolidated recurring profits for the full year are forecast to total Y9.3bn, compared with a loss of Y11.4bn, and an 11.6 per cent rise in sales to Y320bn. *Emiko Terazono, Tokyo*

Challenge Bank advances

Challenge Bank, the Perth-based regional bank which is subject to a A$689m (US$519.76m) bid by the larger Westpac banking group, yesterday announced a 21 per cent increase in after-tax profits, to A$48.9m.

The result came after a A$1.99m abnormal loss, resulting from costs related to the bank's original plan to merge with BankWest, a fellow Western Australian bank, now being acquired by Bank of Scotland. *Nikki Tait*

Battle for Atlas Steels ends

The battle for control of Atlas Steels, the Australian specialty steels group, ended yesterday when Canada's Rio Algom accepted a A$1.81 a share cash offer from Email, the Sydney-based appliance manufacturer, for its controlling 50.9 per cent stake.

Email's rival, the Chicago-based Marmon group of companies, which are controlled by the Pritzker family, bowed out of the bidding on Friday. Email's final bid values Atlas at around A$130m. *Nikki Tait*

PTS POST & TELESTYRELSEN
NATIONAL POST AND TELECOM AGENCY

Tender for Licences to Provide Mobile Telecommunications Services in the 1.8 GHz band in Sweden.

The National Post and Telecom Agency (PTS) invites anyone interested in providing mobile telecommunications services in the 1.8 GHz band in Sweden, to apply for a licence. The tender is be based on the Telecommunications Act (SFS 1993:597). The regulations and a guide can be ordered from PTS.

A formal application in writing together with an application fee (SEK 100,000) must be received by PTS on 11 December 1995 at 3:00 p.m. Swedish time.

A maximum of four (4) national licences will be issued. If fewer than four national licences are awarded, licences to provide regional mobile telecommunications services may be issued. Anyone interested in providing a regional mobile service must submit a notification in writing to PTS not later than 11 December 1995. This notification is free of charge. Only parties who have notified their interest may participate in a possible subsequent regional tender once the national licences have been granted.

Applications for national licences will be evaluated mainly based on the following set of criteria:

1 the intention and ability to provide mobile telecommunications services to at least 50 percent of the population of Sweden within four years after the issuance of licences and
2 the intention and ability to cover all population centres greater than 50.000 inhabitants within the time period mentioned under section 1
3 speed of roll-out
4 the ability to offer cost efficient operations
5 adequate spectrum efficiency and system quality

The regulations and the above mentioned guide contain further guidelines for the preparation and submission of proposals and can be ordered from:

Post- och telestyrelsen, Box 5398, S-102 49 Stockholm. Inger Pettersson, tel 08-678 55 28, fax 08-678 55 05.

Questions concerning the tender may be directed to:

general issues and procedure: Ann-Marie Engvall, +46 8 678 56 58 or Pär-Erik Westin, +46 8 678 55 29.

legal issues: Britt-Marie Arne-Hellström, +46 8 678 55 68.

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This announcement appears as a matter of record only.

Republic of Italy

ECU1,000,000,000 Floating rate notes due 2005

Notice is hereby given that the notes will bear interest at 5.6875% per annum from 31 October 1995 to 31 January 1996. Interest payable on 31 January 1996 will amount to ECU72.67 per ECU5,000 note and ECU726.74 per ECU50,000 note and ECU1,453.47 per ECU100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

PRICOA Worldwide Investors Portfolio
Société d'Investissement à Capital Variable
Registered Office: L-2449 Luxembourg
47, Boulevard Royal
R.C.S. Luxembourg B 39.048

NOTICE TO THE SHAREHOLDERS
By registered mail October 1995

We hereby give you notice to the Annual General Meeting of Shareholders of PRICOA Worldwide Investors Portfolio (the "Company") to be held in Luxembourg at the registered office, on November 10, 1995 at 11.00 a.m. in order to deliberate on the following agenda:

AGENDA

1. Report of the Board of Directors.
2. Report of the Auditor.
3. Approval of financial statements for the fiscal year ended March 31, 1995.
4. Discharge of Directors with respect to the performance of their duties during the fiscal year ended March 31, 1995.
5. Election as Directors for a term of one year of:
Mr. Robert F. Gunia
Mr. John A. Morrell
Sir Michael Sandberg
Mr. Rogerio C. S. Martins
6. Determination as to distributions.
7. Other business.

No quorum of the shares outstanding is required by law and resolutions of the items of the agenda may be passed by the affirmative vote of the simple majority of the shares present or represented at the meeting.

By order of the Board of Directors

International Bank for Reconstruction and Development

ECU 450,000,000

Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 31st January, 1996 has been fixed at 5.1875% per annum. The interest accruing for such three month period will be ECU 66.28 per ECU 5,000 Bearer Note, and ECU 1,325.69 per ECU 100,000 Bearer Note, on 31st January, 1996 against presentation of Coupon No. 15.

Union Bank of Switzerland London Branch Agent Bank

27th October, 1995

U.S. $100,000,000
Allied Irish Banks Plc
(incorporated with limited liability in the Republic of Ireland under the Companies Acts, 1963 to 1986)
Subordinated Primary Capital Perpetual Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given, that for the three months Interest Period from October 31, 1995 to January 31, 1996 the Notes will carry an Interest Rate of 6.4375% per annum. The interest payable on the relevant interest payment date January 31, 1996 against Coupon No. 42 will be U.S. $164.51 and U.S. $4,112.85 respectively for Notes in denominations of U.S. $10,000 and U.S. $250,000. The sum of U.S. $164.51 will be payable per U.S. $10,000 principal amount of Registered Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

October 31, 1995

CHASE

Wells Fargo & Company

US$200,000,000

Floating rate subordinated notes due 2000

In accordance with the provisions of the notes, notice is hereby given that for the interest period 31 October 1995 to 30 November 1995 the notes will carry an interest rate of 6% per annum. Interest payable on the relevant interest payment date 30 November 1995 will amount to US$50.00 per US$10,000 note and US$250.00 per US$50,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

ALLIANCE LEICESTER

Alliance & Leicester Building Society

£40,000,000

Subordinated Floating Rate Notes 1998

For the six months 31st October, 1995 to 30th April, 1996, the Notes will carry an Interest Rate of 7.4875% per annum with an interest amount of £18,667.47 per £500,000 Note, payable on 30th April, 1996.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London Agent Bank

Daiwa International Finance (Cayman) Limited

U.S. $200,000,000

Subordinated Floating Rate Notes due 2001

Guaranteed on a subordinated basis by

The Daiwa Bank, Limited

Interest Period	31st October, 1995 to 31st January, 1996
Number of days	92 days
Interest Rate	6.2375% per annum
Coupon Amount of each Note	U.S. $1,594.03

The Daiwa Bank, Limited London Branch as Agent Bank

US $100,000,000

Credit du Nord

Floating Rate Notes due 1997

For the period from October 31, 1995 to January 31, 1996 the Notes will carry an interest rate of 6% per annum with an interest amount of US $153.33 per US $10,000 Note.

The relevant interest payment date will be January 31, 1996.

Agent Bank:

BANQUE PARIBAS
LUXEMBOURG

Central Hispano Financial Services Limited

U.S. $ 100,000,000

Primary Capital Guaranteed Floating Rate Notes due 2006

with a substitution guarantee on a subordinated basis of

Banco Central Hispanoamericano, S.A.

In accordance with the provisions of the Notes the following notice is hereby given:

Interest Period:	October 27, 1995 to April 29, 1996 (185 days)
Interest Rate:	6.000% p.a.
Coupon Amount:	U.S.$ 308.33 per U.S.$ 10,000 Note
Payment Date:	April 29, 1996

Frankfurt/Main, October 1995

COMMERZBANK

Sale marks end of £200m drawn-out disaster for three owners

Trafalgar sheds ill-starred rig

By Peggy Hollinger

Trafalgar House yesterday sold the Emerald Producer, the ill-starred North Sea oil field platform which has brought nothing but trouble to its three successive owners and may have cost them more than a combined £200m.

The floating production platform has been blamed for the demise of what was once the UK's largest independent engineering contractor, Davy Corporation: for troubles which have beset the small oil company, Midland & Scottish Resources; and for many of the debt-strapped Trafalgar's own woes since it took over Davy in 1991. Once estimated at a selling price of £118m, the platform went yesterday to the private Norwegian tanker company, Seatankers Management, for £21m.

The sale will bring a welcome injection of cash to Trafalgar, which reported net debt of £248m at the half-year and is expected to report annual losses in December of up to £180m.

Mr Nigel Rich, who took over as chief executive last year, has presided over a series of disposals recently to reduce debt, including London's Ritz Hotel.

Analysts said the sale marked the end of a particularly unpleasant episode in the history of UK oil. "It is certainly the end of one disaster, but perhaps not the end of an era because contracting is like that," said one oil analyst. "But it is quite nice to have lanced the boil, at least."

The Emerald producer began life as a drilling rig, owned by Midland & Scottish. The small oilfield operator sold the rig to Davy in January 1989, and simultaneously agreed to buy it back for £118m when it had been converted into a production platform.

The conversion was originally expected to take a mere 20 months. Instead, it took three years and cost Davy losses of at least £114m. An attempt by Davy to sue Midland for cost overruns of £88m failed in the UK courts.

Midland, for its part, claims the delay in getting the rig cost it up to £50m.

Failure to complete the rig in time had also left Davy dangerously exposed. In its last accounts as an independent company, Sir Alistair Frame, chairman, said the platform contract "has so weakened the Davy group and its reserves and cash position that the board has decided the group cannot operate in its present form". Those words set the seal on Trafalgar's takeover.

Nigel Rich: has presided over a series of disposals recently

ICI Australia rises 61% but warns of weaker prices in present year

By Nikki Tait in Sydney

Shares in ICI Australia, part of the UK-based chemicals group but listed on the Australian Stock Exchange, fell 30 cents to A$9 yesterday, as the group warned that a strong performance in 1994-5 might be difficult to sustain in the current year in the face of weaker prices.

The group announced a 61 per cent increase in operating profits after tax, to A$268.8m in the year to the end of September. Sales rose 10 per cent to A$3.36bn.

Earnings per share rose from 63 cents a year ago, to 91 cents, and there is a final dividend of 32 cents a share, bringing the total for the year to 52 cents. There were no abnormal items in 1994-5, but a A$15.5m pre-tax charge in 1993-4.

The company said that all businesses had posted improved profits, with the plastics division showing a significant recovery as demand picked up and polymer prices increased. The chemicals businesses also benefited "as a result for increased demand and continued improvement in international commodity prices, particularly in the first half of the year".

But ICI went on to warn that prices for plastics and chemicals were now softening again, as economies slowed. Prices for some products had already started to ease in the second half of the 1994-5 financial year and "the outlook for 1996 is uncertain with competitive pressures on margins increasing in all markets". It blamed deceleration in both the Australian and the "major international economies" for the price weakening.

At press conference, Mr Warren Haynes, ICI Australia's managing director, added that the company would "be doing its best to continue to show improvement, but there won't be much we can do against international pricing".

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Benchmark Group	Yr to June 30	10.1	(10.4)	0.226L♥	(2.69♥)	2.49L	(17.14)	nil	-	nil	nil	nil
Campari Int	6 mths to June 30	15.5	(17.5)	0.886L	(3.96L)	8.5L	(38.8L)	nil	-	nil	nil	nil
Conrad	Yr to June 30	5.2	(5.33)	0.312L♠	(0.1)	0.38L	(0.15)	nil	-	nil	-	nil
Craig & Rose	6 mths to June 30	2.06	(2.37)	0.203L	(0.115L)	51.25L	(29.25)	nil	-	nil	-	nil
Helene	6 mths to June 30	66.8	(51.8)	2.01	(1.28)	0.67†	(0.62)	0.43	Dec 29	0.65	-	2.01
Independent Parts	6 mths to Sep 30	9.06	(8.33§§)	1.54	(1.45)	5.77	(5.43)	2	Dec 11	-	-	3.5
JKX Oil and Gas	6 mths to June 30	-	(-)	0.484L	(-)	1.26L	(-)	-	-	-	-	-
UK Estates	Yr to June 30	4.37	(2.89 ■)	0.61♥	(0.65L♠)	1.01†	(2.58L)	0.15	Jan 10	nil	0.25	nil

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abtrust New Thai	6 mths to Aug 31	189.4	(210.12)	0.35	(0.219)	2.3	(1.46)	nil	-	nil	-	1.75
Invesco Korea	6 mths to Sep 30	169.01	(157.97*)	0.096L	(0.024)	0.29L	(0.1)	-	-	-	-	nil

Dividends shown net. Earnings shown basic. Figures in brackets are for corresponding period. ♠Includes exceptional charge. ♥Includes exceptional credit. †On increased capital. §USM stock. ■Gross income. §§Comparable figures are pro forma. *As at March 31 1995.

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Bank of Valletta Group

RTZ to sell US Silica for up to $140m

By Christopher Price

RTZ, the world's largest mining group, yesterday announced the sale of its US Silica subsidiary to D. George Harris & Associates, a US speciality chemicals group, for a maximum consideration of $140m.

US Silica is one of the country's biggest producers of silica sand for the glass industry, operating from sites in 18 states. Turnover in 1994 was $115m, with operating profits believed to be in the region of $5m.

RTZ said that the regional nature of the activities of the US company was incompatible with "the group's internationally orientated focus".

Based in Berkeley Springs, West Virginia, US Silica employs 720 people. It was formed in 1987 as the result of the merger of two silica producers bought by RTZ in the previous two years and operating under the US Borax division.

D. George Harris & Associates, a New York-based inorganic chemicals and minerals business, will pay $120m in cash, with further deferred payments up to a maximum of $20m.

RTZ also announced yesterday that it was in discussions over the sale of the Floridin Company, a producer of attapulginite, which is used in the manufacture of cat litter.

The price was not disclosed but analysts suggested it might be in the region of $20m. Sales last year were also $30m. RTZ refused further comment, but the proposed sale is believed to be subject to an antitrust ruling.

The group said the transactions would make no material change to the financial position of RTZ.

Analysts said the move would enable it to keep gearing below 10 per cent.

LEX COMMENT

WH Smith

The 1 per cent rise in the shares of W.H. Smith yesterday was a cool response to the arrival of Mr Bill Cockburn, the former Post Office chief executive, at the helm. As an outsider, Mr Cockburn is well placed to bring cultural change to a company which has often seemed inward-looking. In the public sector he has carved out a reputation as a tough and capable manager. The doubt is whether Mr Cockburn has sufficient retail experience to preside over a transformation of the W.H. Smith chain, which accounts for one third of group sales and is the source of its recent malais. The chain is in no sense a lost cause. It boasts a strong brand and a portfolio of prime, if costly, high street properties. Yet the declining number of customers passing through the stores and modest sales growth last year point to a format and product range in need of attention. Competition from food retailers on one side and the likes of Woolworth on the other threatens to undermine Smith's position as the UK's favourite purveyor of magazines, greetings cards and other oddments.

It is too early to assess the impact of the cosmetic changes to store design which have already been made. But the chances are that a more radical approach will be required to restore Smith to a growth track. New formats, including greater differentiation between small and large stores, and greater use of pricing as a weapon could be part of the answer. Mr Cockburn will be judged on his ability to push through these and other innovations.

Butte sues Simon arm for £100m

By Patrick Harverson

Butte Mining has filed claims in the High Court in London seeking damages of more than £100m from companies in the Robertson Group, a Simon Engineering subsidiary.

The claim is part of an eight-year legal battle stemming from Butte's flotation in 1987 and an acquisition the group made a year later.

In both cases companies in the Robertson Group, a geological consultancy acquired by Simon Engineering in 1991, were the vendors of mining properties to Butte and acted as its technical advisers.

In yesterday's filing – which followed an injunction in the High Court in October forcing Butte to pursue its claims in the UK rather than the US – Butte alleges companies in the Robertson group were guilty of "fraud, breach of fiduciary duty, negligence and breach of contract".

Bakyrchik raises further £11.4m

Bakyrchik Gold, which has a 40 per cent interest in and management control of a gold project in Kazakhstan, has secured £11.4m of new finance by a share issue, with a further injection of up to £10.5m if options are taken up.

The shares rose 30p to 183p yesterday having fallen 37p to 162p earlier in the month when it said it needed further funds.

Mr Robert Friedland and Mr Johannes Kotjo are subscribing immediately for 1.26m shares at 150p. The subscription for a further 4.77m shares at 200p requires shareholders' approval at an EGM being called for December.

Approval at the EGM will also be sought for the issue of 18 month options on 4.77m shares at between 200p and 220p.

Mr Friedland is president of Ivanhoe Capital Corporation and co-chairman of Diamond Fields Resources, a Canadian company developing the Voisey's Bay nickel discovery.

Mr Kotjo is chairman of Van der Horst, a Singapore-listed engineering company, and co-chairman of First Dynasty Mines of Denver.

Both will be joining Bakyrchik's board.

Following the subscriptions, the new investors will hold 19.3 per cent of the enlarged share capital. Exercising the options in full would give them a stake of 29.9 per cent.

Bakyrchik has raised £35m since floating on the London market in August 1993 at 120p with a further placing at 288p in September last year.

Earlier this month it warned that cash outflows were considerably higher than at first thought, as production problems had kept gold output below expected levels.

However the company said that there were solutions and added that gold resources, already among the highest in the world, were likely to show an increase from 8.9m troy ounces to 15m ounces.

JKX loss in line with expectations

JKX, the oil and gas exploration company which obtained a listing in July, has announced a post-tax deficit of £484,000 ($765,000) for the six months to June 30. Losses per share emerged at 1.26p.

The maiden result was "broadly in line with expectations during the development phase", the company said.

JKX operates mainly in the former Soviet Union. During the period under review, it concentrated on development of the Poltava project in Ukraine, appraisal of the Shromis Ubani field in western Georgia, and exploration drilling in the Black Sea.

Animex loss

Costs relating to its recent full listing and the substantial upgrading of production facilities in Russia, left Animex, the Dublin-based oil exploration and production company, with a net loss of $295,986 for the first half of 1995, against a $348,070 profit last time.

Sales were static at $5.86m because of an upgrading programme. Losses per share were $0.87 ($1.04).

Following the agreement to participate in a second development in the Komi republic at Kirtayel, Animex's net proven and probable reserves have increased to 38m barrels of oil equivalent.

Ramus

Ramus Holdings, the tile distributor in which HLI Holdings of Malaysia has a 57.5 per cent stake, has unveiled a £1.43m ($2.25m) pre-tax loss and recommended shareholders to accept a 5p a share offer from HLI.

Turnover fell from £29.1m to £20.8m, although it cut its pre-tax loss from £2.12m before exceptionals, and from £5.17m after exceptionals.

There is no dividend: losses per share of 5.9p compare with total losses of 31.8p.

Ramus said it had negative shareholders' funds of £2.5m and the HLI offer valued it at £1.2m.

If the offer fails, Ramus plans a £3.24m issue by way of a 9-for-2 rights at 3p.

Benchmark Group

Benchmark Group, the property investment group in which Hong Leong of Malaysia has a large stake, suffered badly from the effects of the poor stock market conditions in south-east Asia and announced a £226,000 pre-tax loss, compared with a £2.69m profit last time.

Operating profits at the group's property division were static at £819,000, but the portfolio investment division, which operates from Hong Kong, turned from profits of £2.68m to losses of £226,000 for the year to June 30. This was an improvement on interim losses of £622,500.

There were losses per share of 2.49p (17.14p earnings).

Appointment completes the management reshuffle

WH Smith names new chief

By Neil Buckley

Mr Bill Cockburn, the Post Office chief executive who was a firm supporter of privatisation, was confirmed yesterday as successor to Sir Malcolm Field as chief executive of W.H. Smith, the retail and distribution group.

He becomes a non-executive director tomorrow and chief executive from January 1. His replacement at the Post Office was named as Mr John Roberts, managing director, personnel.

Mr Cockburn, who has spent his entire career in the public sector, will receive a large pay increase – his package is worth £425,000 a year, more than the £330,000 earned by Sir Malcolm last year. But he joins the group after several difficult months. W.H. Smith's shares have fallen sharply since it issued a profits warning in May, and reported annual profits down from £124m to £115m in August due to a fall in sales and customer numbers in its eponymous core chain.

Mr Cockburn's appointment completes a reshuffle of senior management since the profits warning. Mr Peter Troughton, managing director of UK retailing, resigned in June. In August, W.H. Smith confirmed that Sir Malcolm would retire next year, and promoted five divisional heads to executive directors, changing the shape of the board and bringing the average age below 50.

The group has taken action to improve trading in the core W.H. Smith chain, including cosmetic changes to stores, higher spending on advertising, and more aggressive promotions – especially since the unravelling of the Net Book Agreement last month.

W.H. Smith will complete a strategic review, for presentation to the board in February or March, which Mr Jeremy Hardie, chairman, said would look closely at the core chain.

Trevor Humphries

Bill Cockburn (l) and Jeremy Hardie: close look at core chain

Ofwat increases pressure for rebates to customers

By Peggy Hollinger and David Lascelles

The water industry regulator yesterday urged water companies to share the benefits of rising profits with customers in a report expected to put pressure on those such as Thames Water which have yet to join the rebate bandwagon.

The Office of Water Services, in its annual report in the financial performance of water companies, said that companies which increased profits as a result of greater efficiency should "consider best how to share such additional profits with customers in advance of the next price review". The comment is seen as a veiled warning that those which fail to do so could face tougher treatment in the 1999 review.

Analysts said that Thames, which is expected to kick off the industry's interim reporting season with increased profits tomorrow, could come under pressure to make some gesture for customers.

Ofwat's report shows that Britain's water companies last year paid dividends totalling £825m, more than three times the £250m of rebates set aside for customers. Five companies have announced cash rebates for customers, while others offered lower than expected price increases.

However, the gap between payments to investors and customers is even wider after including special dividends to shareholders reflecting higher than expected efficiency gains since privatisation.

Ofwat appeared to reject the claim by some water companies that by increasing spending on issues such as eliminating foul flooding in homes or unpleasant taste in water the efficiency gains were being shared appropriately. It said it preferred companies to reduce prices, or offer cash rebates, which were preferable to discretionary investment.

Ofwat also expressed concern over the lower than expected capital investment this year, although spending in the five years since privatisation was approximately some £1bn more than projected.

The companies' total outlay amounted to £15.1bn over the period in 1994-95 prices. The peak was in 1991-92 when they spent £3.4bn. Last year's figure was £2.5bn, down from £2.9bn the year before.

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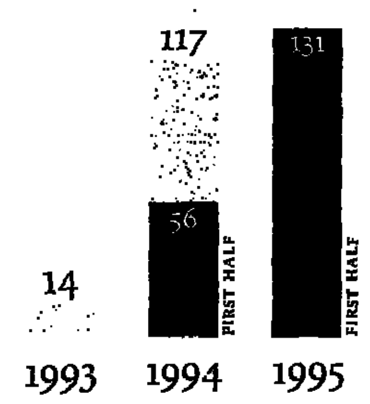

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BUSINESS AND THE LAW

Vehicle leasing deals prohibited

EUROPEAN COURT

The European Court of Justice has ruled in two related cases that restrictions on vehicle leasing imposed by German motor manufacturers on their dealers were anti-competitive and prohibited under the Treaty of Rome.

The ruling was given in response to questions from the German Federal Court of Justice in proceedings brought against BMW and Volkswagen. In both cases the German court asked whether the companies' agreements were contrary to article 85(1) of the treaty which prohibits anti-competitive agreements.

BMW had sent a letter to all of its authorised dealers in Germany stating that they must not supply vehicles to independent leasing companies that might lease them to customers outside the dealer's territory.

The European Court rejected the manufacturer's argument that this constituted a unilateral act. It said the letter formed part of a set of continuous business relations governed by a general agreement drawn up in advance. Thus the call to refrain from supplying independent leasing companies was an agreement, and subject to treaty competition rules.

The court said the agreement restricted competition, as it gave territorial protection to any BMW dealer on whose territory an independent leasing customer was established. The agreement reduced each dealer's freedom of commercial action, and was capable of affecting trade between member states, as it bound all BMW dealers in a substantial part of the common market (Germany), and thereby contributed to the partitioning of that market.

The agreement also restricted the opportunity for foreign leasing companies to purchase BMW vehicles in Germany, and so amounted to an export ban for the authorised German dealers.

In the Volkswagen case, the German competition authority had challenged the exclusive agency agreement which required dealers to develop activities as agents for leasing transactions only for Volkswagen Leasing, a subsidiary of Volkswagen AG.

Volkswagen argued that it and its leasing arm formed one economic unit with the German authorised dealers. The European Court rejected this and pointed out that agents lose their character as independent traders only if they do not bear any of the risks resulting from the contracts negotiated on behalf of the principal, and if they operate as auxiliary organs forming an integral part of the principal's undertaking.

The court said the agreement had a number of anti-competitive features, including limiting access by independent leasing companies to Volkswagen leasing transactions, and preventing Volkswagen dealers from developing a leasing business in their own name and for their own account.

The court took into account the fact that Volkswagen is the market leader for new motor vehicles in Germany and its leasing subsidiary tops the leasing market and concluded that the object, or at least the effect, of the agreement was to restrict competition to an appreciable extent. As in the BMW case, the court held that by reinforcing the compartmentalisation of markets on a national basis, the agreements had an effect on trade between member states.

Thus the court ruled both agreements were prohibited under article 85(1) of the treaty.

The second question referred by the German court in both cases concerned the applicability of the Council Regulation giving a block exemption from the competition rules for motor vehicle distribution and servicing agreements.

Having pointed out that none of the provisions of the regulation explicitly governed leasing, the European Court noted that provisions in a block exemption which derogated from the general principle prohibiting anti-competitive agreements could not be interpreted widely, and could not be construed in such a way as to extend the effect of the regulation beyond what was necessary to protect the interests they were intended to safeguard. Thus the court ruled neither agreement was covered by the block exemption.

C-70/93 and 266/93: Bayerische Motorenwerke v ALD Auto-Leasing; Bundeskartellamt v Volkswagen and VAG Leasing, ECJ FC, October 24 1995.

BRICK COURT CHAMBERS, BRUSSELS

Assets in the real world

Peru is formalising business and property rights, says **Hernando de Soto**

Private investment in power plants, water works and other infrastructure projects in developing countries is expected to exceed between \$1,000bn and \$2,000bn in the next five years.

Although the rewards are expected to be two to three times higher than in the west, perception of the political risk involved has grown. Investors fear expropriation, cancellation, and sudden changes in conditions.

The source of these problems is not capricious governments. Modern third-world leaders are not whimsical by nature; they come from the best universities of the west and know first-hand that there are no immediate alternatives to foreign private investment. Increasingly they are also believers in markets and private ownership.

The main source of difficulties is that the overwhelming majority of their constituencies, on whose votes or opinion they depend to stay in power, cannot understand or relate to privatisation schemes as they are actually taking place.

In Peru, more than 90 per cent of those polled in the 1980s by the ILD, an independent Peruvian think-tank, thought that "privatisation" meant handing Peruvian sovereignty over national assets to foreigners. Faced with such a negative public reaction, politicians were forced to follow suit or risk losing their jobs.

This is why in 1990 the Peruvian government began to formalise and make a part of the lawful market economy the informal – and thus legally invisible – assets of ordinary people.

De Soto: Peruvians can relate to privatisation and investment

In three years, at a cost of less than US\$10m, more than 300,000 informal properties and 270,000 enterprises have been legalised and 100,000 new businesses that otherwise would not exist have been created. The result was increases in asset values of 200 per cent; as well as rising production, access to credit; 550,000 new jobs and tax revenues of \$1.2bn.

Now that more Peruvians are enjoying the benefits of legally protected property rights, privatisation of public services and foreign investment are something most Peruvians can relate to.

They are now not perceived as unproductive privileges bestowed on rich foreigners, and consequently they are seen as having less to do with a loss of sovereignty than with the creation of national wealth. It was no coincidence that last year Peru had the world's highest growth rate and Mr Alberto Fujimori was re-elected president by the biggest margin recorded in Peru.

Some 70 per cent of the assets that most people own in less developed countries – consisting principally of property and businesses – are not documented, registered or operate according to law. In countries with a low level of per capita income, businesses that are not legally recognised can account for as much as three quarters of the jobs in the industrial sector. In the developing world, 60 per cent of real estate in the cities and 90 per cent of the parcels of land in the rural areas are informal; nobody really knows who owns what and where, who is accountable for the performance of obligations, who is responsible for losses and fraud, and what mechanisms are available to enforce payment for services and goods delivered.

Most informal assets are useless for financial purposes; they cannot be pledged as collateral

Informality breeds a culture where there is too much room for misunderstanding, reversal of agreements, faulty recollection and, consequently, political wheeling and dealing.

With everything in flux and with uncertainty and fraud so great, credit cannot be extended on reasonable terms to most people and business.

Indeed, most informal assets are useless for financial purposes; they cannot be pledged as collateral for securing the interests of creditors. They are, in effect, "dead capital". To become "live capital" these assets must first be formalised so that ownership can be traced and validated, and exchanges and financing can be governed by a legally recognisable set of rules.

Informality also has a serious impact on infrastructure provision – many of the problems of supplying electricity, water and gas in the third world can be traced to it.

Most of the losses of public utilities in less developed countries originate in the informal sector. For example, losses such as fraud, theft and non-payment represent between 30 per cent and 60 per cent of total supplies, compared with about 8 per cent in developed countries. These problems translate into what the international business community perceives as excessive project risks.

Politicians in emerging markets are becoming increasingly aware of the consequences of such informality of property. The problem is that traditional consultants and suppliers to governments are not prepared to deal with them. They focus on services specialised principally in surveying and mapping and the automation of registries.

Such efforts are indispensable for defining physical location. Computer technology accelerates the processing and storage of information. But neither reveal anything about who has rights over what land, and they contribute even less to the fundamental challenge of converting informal property to formal property in the first place.

Solutions are not readily packaged for export to emerging markets. However, as Peruvians are finding out, they are not at all difficult to find, providing one can draw out the implications of the following three propositions:

- Property rights do not exist in a physical space, but in the law. They are part of an institutional and legal issue. If constituencies perceive that their property rights are protected by the same law which protects foreign investment, there is an enormous incentive to respect contracts made within the same legal order.
- When the law protects their interests and raises the value of their assets, people no longer perceive foreign-owned public services as privileged and unfriendly charter-protected suppliers against which they have to organise. As a result, political organisations quickly find other avenues for venting nationalism.

Additionally, widespread recognition of property rights individualises relationships with creditors, utilities and business.

- Political risks relating to foreign investment are to a great extent the result of negotiating deals exclusively within the framework of special concessions to foreigners rather as part of solid, universally accessible property rights. The latter links the assets of individuals in developing countries to foreign private investment through equally balanced rights and obligations.

Investors in emerging markets must raise their sights. Government guarantees are not enough. They must ask if the guarantees that protect their investment are part of a legal system that extends its benefits to the majority of the populace. That, after all, is what makes investment in the developed world secure.

The author is president of ILD; author of The Other Path, *and former principal adviser to President Fujimori of Peru*

LEGAL BRIEFS

UK and German firms open joint office in Frankfurt

Linklaters & Paines, the London-based international law firm, has entered into a joint venture with Schön Nolte Finkelnburg & Clemm, a leading German law firm.

The venture will enable both firms to offer a fully integrated English and German law service from a new Frankfurt office incorporating Linklaters' existing Frankfurt base. The office is expected to open for business in January and will operate under the name Linklaters & Schön.

The practice will specialise in mergers and acquisitions, project finance and international capital markets work. It will be headed by one partner from Linklaters and one from Schön's Hamburg/Berlin practice.

Top 100 entry

Davies Arnold Cooper, the City of London law firm, is included in a list of the top 100 UK companies of the future by the Corporate Research Foundation. The only law firm in the top 100, Davies Arnold Cooper was praised for being the first legal firm to introduce a publicly available list of fees and charges.

Merger mania

A survey of professional firms in the UK by accountants Smith & Williamson found that 37 per cent are considering a merger with another practice or the acquisition of individuals from another firm. For firms with between 11 and 49 partners the figure rises to 46 per cent.

Almost 90 per cent of solicitors' firms surveyed have made an approach to, or been approached by, another firm to discuss merger or acquisition. Among the larger firms with between 11 and 49 partners, all firms surveyed said they had been in merger or acquisition talks.

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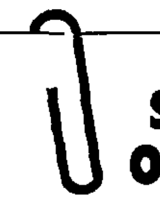

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INTERNATIONAL PEOPLE

Exxon decides not to replace Sitter

Exxon, the world's biggest oil company, has failed to give a clue to its next chairman and chief executive by deciding not to replace Charles Sitter when he retires as president at the end of January. Sitter, who joined the company as a financial analyst in 1957, took over the number two job at Exxon when Lee Raymond became chairman and chief executive in April 1993. Raymond had been president before he took over from Lawrence Rawl. However, Exxon has promoted Harry J. Longwell, who is responsible for the group's oil, gas, coal and minerals exploration and production activities, to the board of directors and Rene Dahan, a Dutchman who heads Exxon Company International, has been made a senior vice-president.

European carmakers

The European Automobile Manufacturers Association (ACEA) has appointed a secretary-general following structural changes to the Brussels-based organisation aimed at enhancing its effectiveness. The organisation was formed only four years ago but now embraces virtually the entire European vehicle-making industry and lobbies on every industry issue from safety to social overheads. "It was therefore logical to give it a stronger and more unified structure," commented Giorgio Garuzzo, chief operating officer of Fiat and ACEA's president.

However, ACEA has looked outside the industry for the man to fill the secretary-general's role. He is Camille Blum, 56, a Belgian national long familiar with Brussels' Euro-labyrinth through his current role as director general of Euratex, representing the European textile and clothing industry of which Blum is a 31-year veteran. "The fact that he does not come directly from the motor industry will allow him to speak from a broader perspective on behalf of manufacturers," says Garuzzo. Blum will slip into the driving seat on December 1. *John Griffiths*

Packer poaches Briton

Australia has supplied many of the top executives in UK publishing. However, Kerry Packer's Australian Consolidated Press, Australia's largest consumer publishing company, has turned the tables by poaching Colin Morrison, 44, a rising star on the UK publishing scene, as its deputy chief executive.

Morrison, a former journalist, was deputy chief executive of Reed Business Publishing when he was hired three years ago by EMAP, a smaller UK publishing rival, to chair its business publishing division. At the time EMAP was a consumer magazine company trying to publish business magazines in the midst of an advertising slump. Morrison weeded out EMAP's weak titles, reorganised the business, and through a series of acquisitions built an operation which he reckons is now number two, if not number one alongside Reed, his old employer. *William Hall*

Jaakkola for Tampella

Tampella Corporation, the Finnish industrial group, has found a replacement for Timo Summa, 47, who has moved to Brussels as director of the European Union's Tacis programme which channels aid to eastern Europe. Jouko Jaakkola, 51, managing director of Myllykoski Paper, takes over as Tampella's chief executive in February 1996. Jaakkola was previously president of Tampella's pulp and paper machinery division between 1989 and 1993 and a former chief financial officer of Tampella. Kai Miesmäki, the acting chief executive, will resume his previous responsibilities as executive vice-president.

Polaroid picks outsider

Polaroid, the US instant photography group, is bringing in a new chief executive from outside the group for the first time in its history. Gary DiCamillo, 44, who runs Black & Decker's power tools and accessories businesses, will take over from I. MacAllister Booth, 63, who is retiring as chairman and chief executive after 37 years with the group. DiCamillo joins a company which is struggling to transform itself from a maker of chemical-based instant-photography film and cameras into a multimedia electronic imaging concern.

Bruggisser for airline

Yet another airline has succumbed to the number crunchers, writes Ian Rodger in Zurich. Swissair, still smarting from an unexpected SFr86m loss in the first half, has brought in Philippe Bruggisser, a former banker, as chief executive to pilot the airline back into profit.

Bruggisser, 47, described as "lean and mean" and a workaholic in the Swiss press last week, made his name by turning around Swissair's disparate subsidiary businesses – catering, hotels, property and haulage. In the past three years, Swissair Associated Companies (SAC) swung from a loss of SFr50m to a profit of SFr30m and the catering company, Gate Gourmet, has become the second largest in the business.

The changeover is being handled gently, with Brüggisser becoming chief operating officer for a year while the group's chief executive, Otto Loepfe, maintains his title and a mandate to look after strategic relationships with Sabena, Austrian Airlines, Delta Airlines and Singapore Airlines. Loepfe,

Bruggisser: Swissair top job after running subsidiaries

59, will also be president of IATA, the international airlines' association, next year.

The soft-spoken Loepfe, a career engineer with Swissair, has presided over several cost cutting programmes and endless negotiations to achieve critical scale through strategic alliances. His reward this year has been to see earnings ruined by continued price wars and the rise of the Swiss franc, and to face a row with pilots who do not want to give up their generous entitlements.

Bruggisser seems just the man for the job: "I am not here to be loved," he has been telling colleagues.

ON THE MOVE

■ Michael Pram Rasmussen, 40, has been appointed managing director of Topdanmark Group, with effect from January 1, 1996. He joins from Tryg-Baltica Forsikring, where he held a similar position. Rasmussen will take over as chief executive of Topdanmark Group when Kaj G. Schou retires later next year

■ National City Corporation has elected William Robertson, 54, president and Vincent DiGirolamo, 58, vice-chairman. Robertson has been deputy chairman since 1987 and succeeds David Daberko, who was appointed chairman of the Corporation on Edward Brandon's retirement in September.

■ The European Commission has made several new senior appointments. Isabelle Ventura will head the directorate general for financial control (DGXX). Ramon de Miguel becomes director general for energy (DGXVII). Robert Verrue will lead the directorate general for telecommunications, information market and exploitation of research (DGXIII). Spyros Pappas will head directorate general XXIV, consumer policy.

■ Philip Neyt, a university professor in Antwerp and Maastricht, has been appointed director-general of Belgacom's pension fund. Neyt, a well known pensions expert, has been advising Belgacom since 1993 on the creation of the pension fund for the company's employees. It will manage more than BFr45bn and be the biggest pension fund in Belgium.

■ Psion, the British hand-held computer company, has recruited Ben Cesare, 40, a 10-year Apple veteran, who was previously a buyer for Macy/Bamberger, to spearhead its push for market leadership in the US.

■ Jon Hartzell, deputy comptroller of the currency in Washington, joins Dresdner Bank in New York as director of economics and group strategy from January 1, 1996.

■ Philippe Pontet has replaced Eric Giuily as chairman of Compagnie Générale Maritime. His chief task will be to guide CGM through privatisation. He is not expected to resign as head of Erap, Elf Aquitaine's financial holding.

■ Shan Bhattacharya, 49, manager of power generation fuels and planning, has been elected vice-president – technical and construction services at Pacific Gas and Electric (PG&E). He succeeds James H. Pope, who left the company earlier this month. Bhattacharya joined PG&E in 1985 from Bechtel Corporation. Tony DiStefano, 39, senior vice-president of PG&E Enterprises, will succeed James D. Shiffer as president and CEO of PG&E Enterprises, which manages PG&E unregulated businesses. DiStefano joined PG&E in 1984 from the Pacific Telesis Group. Shiffer retires on January 31.

■ Horst Kissel, a member of the managing body of postal workers' union DPG, is to be director of personnel at Deutsche Post. Chairman Klaus Zumwinkel and the other board members' contracts are to be extended for another five years.

■ Dirk Koerner has been appointed joint chief executive of Westdeutsche Landesbank Girozentrale's North American operation. He succeeds Horst Fuellenkemper, who is now heading Westdeutsche Landesbank's UK operations.

■ Michael Frilegh has been appointed vice-president, treasurer of Noranda, the Canadian natural resources group.

■ Morris Goldstein, 51, deputy director of research at the IMF since 1987, is joining the Institute for International Economics in Washington as a senior fellow. Goldstein has been a member of the IMF staff for 25 years.

■ Reinhard Neubeck has been appointed head of Ciba's worldwide additives division, with effect from March 1, 1996. He will take over from Klaus Grundmann, who retires in February after 38 years with the company. Neubeck is currently worldwide head of business unit additives for plastic, elastomers and synthetic fibres.

■ Kathleen McGuiness, 47, has been appointed vice-president and general counsel at Times Mirror. McGuiness was most recently a partner at O'Melveny & Myers, where she specialised in corporate law.

■ Olivier Piani joins UIC (Union Industrielle de Credit) as deputy managing director with responsibility for the group's property and property financing services.

■ Bruno Corazza is the new managing director of Autostrade, the state-controlled company that runs about half of Italy's toll motorways. Pierluigi Ceseri and Angelo Natili have been appointed as general managers.

■ Joseph Galli and Steven E. Simms have been elected group vice-presidents of Black & Decker Corporation.

■ Peter Hansson, 48, has been appointed president of Volvo Car Corporation's marketing company in the Swedish market. He is currently marketing director of Volvo Trucks in the Nordic markets. He succeeds Fred Andersson, who is leaving the company.

■ Carole St Mark, 52, CEO of US-based Pitney Bowes Business Services, a division of Pitney Bowes Inc., will become a non-executive director of GrandMet, with effect from January 1, 1996. Gertrud Höhler, 52, founder of Höhler Consultants, Germany, will leave the GrandMet board at the end of this year to concentrate on her expanding consultancy business.

■ Jean-Louis Velaise has been appointed BBC World's agent for Benelux. He will be responsible for securing widespread cable distribution of the BBC's 24-hour international news channel. Prior to joining the BBC, Velaise was involved in the start-up of VT4, the Dutch language satellite TV channel.

■ Roger Jackson joins Lear Seating Corporation, after 18 years at Rockwell International, as senior vice-president – human resources and corporate relations.

■ Tetsuji Nishimura, 48, has been appointed representative director, Japan, to head S.W.I.F.T's commercial activities in Japan. He joins from Fuji Bank where he was general manager responsible for custody operations.

International appointments

Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

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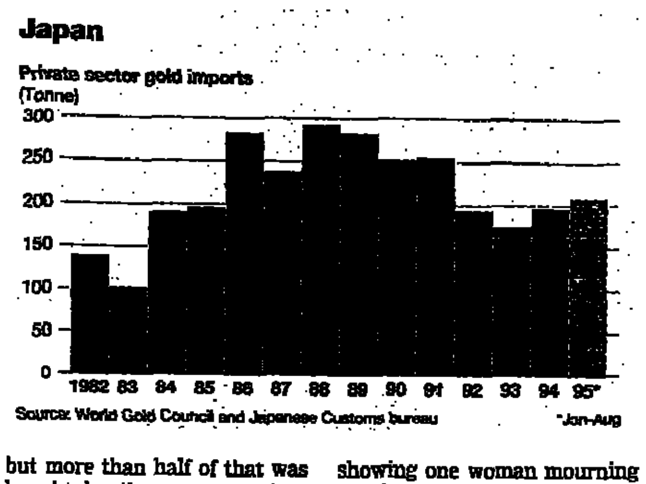
COMMODITIES AND AGRICULTURE

Gold fever grips Japan as yen strengthens

By William Dawkins in Tokyo



Fear of earthquakes and the purchasing power of a strong currency have created an epidemic of gold fever in Japan.

Customs officials revealed yesterday that the Japanese private sector imported 211 tonnes of gold in the eight months to August, well above the 197.3 tonnes imported during the whole of last year. Gold sales have continued to surge during the autumn, so that full year imports are likely to exceed 300 tonnes this year, according to Mr Katsumi Yoshioka, managing director of financial products and precious metals at Nissho Iwai, the trading company.

That is much faster than the general growth in world demand, which was up 22 per cent in the first half of this year, according to the Tokyo office of the World Gold Council, and comfortably ahead of the previous record, 293.7 tonnes of gold imports by Japan's private sector in 1988.

Japan actually imported some 600 tonnes of gold in 1987, but more than half of that was bought by the government to be minted into gold coins to commemorate the 60th aniversary of the emperor Hirohito's accession.

This year's gold fever started soon after the Kobe earthquake in January, said Mr Hitoshi Kosai, deputy general manager of Tanaka Kikinzoko Kokgyo, Japan's largest gold dealer.

Gold's value as an asset that can weather the worst was tragically illustrated by television film of the city in flames, showing one woman mourning the incineration of her banknotes, only to cheer up when she discovered her hoard of gold coins, undamaged, in the ruins of her home.

Hoarders were also chastened by the discovery that their central bank would only replace burned notes if at least a third of the surface was legible.

A second wave of buying came when the dollar hit a record low of Y79.75 in mid-April, said Mr Kosai. The result was to bring the yen price of gold to the lowest for two decades, Y1,070 a gramme, at the end of May.

Since then, the yen price has risen – despite a small decline in the dollar price of gold – so that a gramme of gold at Tanaka now costs Y1,299.

Few other yen assets have managed to rise by that much, 21.4 per cent, since May. In dollar terms, of course, Japanese gold buyers have lost money, because of the decline in the US currency.

Most of the buying comes from individuals of all classes and professions, who typically purchase half-kilogram or kilogram ingots, according to Mr Kosai.

Jewellery sales, by contrast, are stagnant, heading for an estimated 115 tonnes, well under half the total, this year, according to the council.

Until this latest surge of buying, gold's image as the asset of last resort had an underworld tarnish.

Last spring, for example, police found 10kg of gold, worth Y13m, hidden at the Mount Fuji headquarters of Aum Shinrikyo, the religious sect suspected of having carried out the gas attack on the Tokyo subway. That was small change, however, compared with the 100kg of ingots found two years ago under the floorboards of the Tokyo office of Mr Shin Kanemaru, former godfather of the Liberal Democratic Party, now charged with tax evasion.

Now, gold buying has become more respectable. One form of purchase, which has increased since the Kobe quake, is a gold savings plan, whereby investors can save over five years for the purchase of gold bars. Life insurers have also been allowed, from last April to hold assets – up to 3 per cent of the total – in gold for the first time.

They are expected to take advantage of this new freedom, a step on Japan's slow march to financial deregulation, over the next year or so, say market experts. They are Japan's largest institutional investors – so the gold rush may turn out, in these unsettled times, to be more than a flash in the pan.

Unctad meets to thrash out commodity strategy

By Frances Williams in Geneva

Government officials and commodity experts are meeting in Geneva this week to try to thrash out the outlines of a future commodity strategy aimed at combatting the increasing marginalisation of commodity-dependent developing countries.

The real value of commodity export earnings of African countries has halved in the past two decades, according to reports prepared for the meeting of the commodities committee of the United Nations Conference on Trade and Development. And while some regions have increased commodity exports, Africa has not.

Mr Rubens Ricupero, Unctad's new secretary-general, has placed particular emphasis on action on commodities to accelerate development in the world's poorest countries. However, the organisation has yet to come up with a coherent alternative to the now-discredited price stabilisation commodity pacts it once promoted, which were largely abandoned in the 1980s.

This week's meeting will discuss a draft work programme on commodities ahead of Unctad's ninth high-level conference to be held in South Africa next April. Rather than coming up with ambitious global schemes the programme concentrates on certain specific problems faced by poor commodity-dependent countries.

These include the need to deal with instability and risk in commodity production and trade; opportunities for diversification and export expansion; and the efficient management of natural resources, including ways in which prices of natural commodities and their synthetic competitors could reflect environmental costs.

Furthermore, important trade barriers still remain in international commodity trade, according to the Unctad secretariat. It estimates that over 90 per cent of commodity exports of developing countries competes directly and indirectly with commodity exports of developed countries, while over two-thirds of third world commodity exports are affected one way or another by rich nations' agricultural policies.

Developing countries would thus benefit from further action to curb trade-distorting subsidies for domestic agricultural production and exports in the industrialised world, as well as moves to reduce tariff escalation for semi-processed and processed commodities of export interest to developing countries.

Tariff escalation occurs when higher duties are imposed on processed than on raw materials, discouraging developing countries from moving up the manufacturing chain.

Rising demand and flat supply seen buoying cotton prices

By Laurie Morse in Chicago

The International Cotton Advisory Committee said at the weekend that cotton prices during the next five seasons might be higher on average than during the 1980s and early 1990s because of rising demand and relatively flat production levels.

The forecast was issued at the conclusion of the group's annual meeting in Manila.

The ICAC said cotton diseases and pests, combined with difficulties supplying inputs like seed and fertilisers to farmers in many countries, would limit growth in the world cotton crop.

The committee's secretariat estimated world cotton production at 19m tonnes this crop year, just 2 per cent higher than last year, despite a 34 per cent rise in the average world cotton price since last year.

Cotton trade could also be lower this year, the ICAC concluded, because some countries, like China, stockpiled the commodity last year and consumption continued to grow fastest in producing countries, limiting availability for trade.

For the 1995 crop year, beginning August 1, the group said China would end up holding cotton stocks of 3.24m tonnes, or nearly half of the world's residual cotton and nearly equal to a year's worth of Chinese production.

The group also said that while global cotton consumption should continue to rise by about 2 per cent a year, world demand for non-cotton textile fibres was rising even faster, leaving cotton with a declining market share. Cotton comprised only 46 per cent of world textile fibre last year, its lowest market share on record.

The intergovernmental organisation also addressed concerns about contract sanctity in the cotton trade. As cotton prices have risen over the past two years, there have been a growing number of countries and individuals that have sought to renounce contractual supply agreements.

World Bank has faith in wheat

By Deborah Hargreaves

In spite of looming supply shortages and the resulting run-up in world prices the World Bank's agriculture research arm still sees wheat as the "miracle" crop of thid century and plans to target more research on improving crops of the cereal in the developing world.

The Consultative Group on International Agricultural Research says wheat will be the most important grain in developing nations in the next decade as a result of a massive agricultural transformation.

Advances in wheat research have produced varieties with higher degrees of drought resistance and the drop in prices over the past decade has made the grain attractive to developing countries.

Mr Don Winkelmann, chairman of CGIAR's technical advisory committee, says present high prices could slow the move towards wheat utilisation, "but I guess this is just a bulge around a trend line and looking ten to 15 years out, if we continue to invest in research, we can achieve tremendous increases in productivity which will continue to push the price down".

Wheat export prices from the US have risen by 70 per cent since mid-April and Chicago futures prices are at their highest levels for 15 years.

Ironically, it is drought and dry conditions in traditional growing areas that have depressed harvests and pushed up prices. But Mr Winkelmann points to new varieties being grown in Africa and Asia that have high heat resistance. In the developing world, wheat has experienced a 96 per cent yield increase between 1970 and 1994.

Mr Winkelmann expects India to surpass the US as the world's dominant wheat producer within 10 years. Last year India produced 60m tonnes of wheat compared with 63m tonnes in the US.

Many of the new wheat varieties are so efficient that they quickly replace more traditional crops in farm rotations in developing countries. "There is a higher risk if farmers concentrate on one to three crops rather five or six, but these wheat varieties are so robust and provide such good returns for farmers that they tend to reduce that risk," he says.

Research into drought-resistant crops by CGIAR can have a spin-off for developed countries by providing a global bank of plant breeders with experience of raising wheat in many different conditions worldwide.

MARKET REPORT

LME copper market survives test of technical support

The three months delivery **COPPER** price came within $13 of testing key technical support at the 1995 low of $2,650 a tonne at the London Metal Exchange yesterday. But a strong cash premium over forward values held sway eventually, helping to sustain a rally to $2,684, down just $9 from Friday.

"There's no way you can beat the copper backwardation [cash premium] at the moment," said one trader.

At the London Commodity Exchange robusta **COFFEE** futures prices fell below a strong support area as sentiment became more bearish. Traders said there was less reason to buy the market, which meant prices had to retreat to find buyers.

LCE **COCOA** futures also fell, but losses were limited after players decided a potential sell-off might not be as bad as first thought.

Traders said prices fell because the US commitment of traders report showed too many long positions in the market. But New York prices showed only a small decline when the market opened, indicating that the data were not as bad as London operators had thought.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1638.5-9.5	1676-7
Previous	1638-9	1674-5
High/low	1640/1629	1677/1668
AM Official	1628-9	1669-70
Kerb close		1679-80
Open int.	224,333	
Total daily turnover	48,167	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1385-95	1425-35
Previous	1390-400	1430-40
High/low		1425/1415
AM Official	1380-90	1420-30
Kerb close		1430-35
Open int.	2,973	
Total daily turnover	698	

■ LEAD ($ per tonne)

Close	691-3	680-1
Previous	701.5-3.5	684-5
High/low		683/675
AM Official	690-1	678-9
Kerb close		682-3
Open int.	33,651	
Total daily turnover	5,554	

■ NICKEL ($ per tonne)

Close	8685-95	8795-800
Previous	8745-55	8825-35
High/low	8620	8800/8720
AM Official	8620-30	8720-30
Kerb close		8805-15
Open int.	43,982	
Total daily turnover	14,518	

■ TIN ($ per tonne)

Close	6260-70	6310-20
Previous	6270-80	6320-30
High/low		6320/6260
AM Official	6220-30	6270-80
Kerb close		6320-25
Open int.	18,467	
Total daily turnover	5,295	

■ ZINC, special high grade ($ per tonne)

Close	995-6	1018-9
Previous	1004-5	1027-8
High/low	983/982	1019/1003
AM Official	982-3	1005-6
Kerb close		1015-6
Open int.	80,713	
Total daily turnover	27,731	

■ COPPER, grade A ($ per tonne)

Close	2767-72	2679-80
Previous	2808-13	2712-3
High/low	2758/2750	2690/2663
AM Official	2758-60	2672-4
Kerb close		2684-5
Open int.	184,913	
Total daily turnover	69,411	

■ LME AM Official £/$ rate: 1.5751
LME Closing £/$ rate: 1.5753

Spot: 1.5775 3 mths: 1.5745 6 mths: 1.5717 9 mths: 1.5682

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	125.80	-0.10	126.10	124.60	107	1,588
Dec	123.85	-0.05	124.20	120.00	5,826	22,124
Jan	122.55	+0.05	122.90	122.20	11	665
Feb	121.30	-0.55	121.80	121.50	4	449
Mar	120.25	+0.30	120.80	118.80	922	6,723
Apr	119.20	+0.35	119.25	118.85	-	180
Total					7,433	N/A

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	381.90-382.30		
Opening	382.00-382.40		
Morning fix	382.05	242.695	435.995
Afternoon fix	382.15	242.343	434.237
Day's High	382.30-382.70		
Day's Low	381.80-382.20		
Previous close	381.80-382.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.87	6 months	3.61
2 months	3.60	12 months	3.61
3 months	3.61		

Silver Fix	p/troy oz.	US cts equiv.
Spot	338.30	533.00
3 months	343.10	539.20
6 months	347.65	545.25
1 year	357.25	557.65

Gold Coins	$ price	£ equiv.
Krugerrand	382-384	242-243
Maple Leaf	392.75-395.25	
New Sovereign	87-90	55-57

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	382.5	-0.1	-	-	-	-
Dec	383.8	-0.1	384.1	383.5	19,358	104,497
Feb	385.8	-0.1	386.0	385.5	599	26,390
Apr	388.3	-0.1	388.5	388.1	603	10,152
Jun	390.9	-0.1	391.1	390.9	111	10,978
Aug	393.4	-0.1	-	-	96	3,021
Total					21,889	191,602

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	408.0	+2.5	408.1	405.5	3,293	20,393
Apr	408.0	+2.2	408.5	407.0	130	2,112
Jul	409.0	+2.2	-	-	7	1,672
Oct	409.2	+2.2	-	-	5	130
Jan	410.2	+0.6	-	-	1	4
Total					3,438	24,312

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	137.45	+0.50	137.50	136.25	681	4,828
Mar	138.45	+0.25	-	136.25	78	1,310
Jun	139.80	+0.25	-	-	-	125
Total					759	6,263

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	534.3	+2.3	535.0	531.5	22,981	82,820
Jan	536.0	+2.3	536.0	535.0	3	26
Mar	541.4	+2.3	542.0	539.5	2,426	15,682
May	545.6	+2.3	551.5	542.0	116	7,498
Jul	549.8	+2.3	550.5	550.5	870	6,380
Sep	554.2	+2.3	554.5	552.5	212	7,459
Total					26,525	107,016

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	17.58	+0.04	17.66	17.50	36,002	92,585
Jan	17.35	+0.03	17.41	17.29	18,375	58,947
Feb	17.22	+0.03	17.24	17.19	5,253	25,508
Mar	17.14	+0.03	17.18	17.11	30	18,169
Apr	17.07	+0.02	17.13	17.07	250	13,174
May	17.10	-	-	-	558	7,825
Total					68,136	326,331

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol.	Open int
Dec	16.24	-0.01	16.27	16.24	1,084	52,288
Jan	16.08	-0.01	16.10	16.08	60	48,589
Feb	15.98	+0.03	15.98	15.98	4,160	17,771
Mar	15.87	-	15.87	15.82	529	8,835
Apr	15.76	-	15.76	15.74	222	3,952
May	15.72	-	15.72	15.72	3	1,560
Total					15,788	144,466

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	50.40	+0.06	50.70	50.30	9,171	11,563
Dec	50.65	+0.08	51.00	50.57	12,852	42,531
Jan	51.00	+0.15	51.25	50.85	3,870	37,090
Feb	50.60	+0.15	50.80	50.55	1,186	20,287
Mar	49.60	+0.20	49.70	49.50	160	7,710
Apr	48.20	+0.15	48.25	48.10	124	4,062
Total					27,850	144,624

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	151.50	-0.25	152.00	151.25	4,358	32,841
Dec	151.00	-0.50	151.75	151.00	2,124	24,418
Jan	151.00	-0.25	151.50	150.75	1,160	22,454
Feb	150.50	-0.25	150.75	150.75	48	6,274
Mar	150.00	-	150.00	149.75	33	3,765
Apr	149.00	-0.25	-	-	-	1,889
Total					100,291	8,240

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	1.854	+0.015	1.860	1.840	8,928	29,510
Jan	1.894	+0.012	1.895	1.880	2,399	24,414
Feb	1.835	+0.001	1.845	1.830	1,047	13,874
Mar	1.774	-	1.780	1.770	390	9,927
Apr	1.718	-0.001	1.720	1.712	403	8,656
May	1.720	-0.001	1.720	1.715	302	5,998
Total					13,865	127,199

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	50.40	+0.34	50.60	50.10	10,071	10,605
Dec	50.05	+0.31	50.20	49.85	6,875	22,849
Jan	50.20	+0.26	50.35	50.10	1,118	10,980
Feb	50.55	+0.21	50.60	50.50	254	3,416
Mar	50.80	-	-	-	191	2,313
Apr	52.90	-	-	52.90	179	3,379
Total					18,829	57,458

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	121.70	-0.55	122.25	121.65	125	597
Jan	124.40	-0.30	124.75	124.35	240	2,336
Mar	126.45	-0.20	126.70	126.20	66	1,710
May	128.35	-0.25	128.75	128.35	120	2,306
Jul	130.15	-0.35	130.10	130.10	10	72
Sep	112.20	-0.05	-	-	-	21
Total					565	7,180

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	496.50	-3.25	499.00	493.00	9,471	53,071
Mar	505.75	-2.75	508.00	502.50	5,390	34,840
May	472.50	-3.25	474.00	470.00	457	3,780
Jul	426.25	-4.25	428.00	424.00	2,015	14,348
Sep	427.75	-4.25	429.00	426.00	180	2,078
Dec	437.00	-4.00	439.00	435.00	113	725
Total					17,628	108,882

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	329.00	+0.50	329.50	327.00	29,859	193,257
Mar	335.25	+0.75	335.50	333.25	18,912	187,327
May	335.00	+0.75	335.25	333.00	3,839	31,938
Jul	332.00	+0.50	332.50	330.25	3,228	46,665
Sep	296.00	+0.25	296.50	295.25	208	6,779
Dec	278.75	+0.25	279.75	278.50	1,679	21,495
Total					55,797	488,394

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	111.50	-0.35	111.75	111.65	82	160
Jan	114.75	-0.20	114.85	114.90	17	903
Mar	116.85	-0.20	117.15	117.15	30	656
May	118.85	-0.25	119.10	119.00	29	201
Sep	108.75	-	-	-	-	12
Nov	111.00	-	-	-	-	-
Total					158	1,920

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	670.25	+8.75	671.00	662.00	23,557	30,554
Jan	678.50	+5.75	679.00	671.25	30,282	76,258
Mar	686.25	+5.75	686.50	679.00	6,082	34,852
May	688.75	+4.75	690.00	683.50	2,467	11,582
Jul	691.25	+4.50	691.50	685.60	2,926	12,408
Aug	688.00	+4.00	688.00	683.50	189	379
Total					66,141	179,535

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	26.56	+0.21	26.59	26.33	7,002	32,920
Jan	26.66	+0.21	26.70	26.45	3,096	13,585
Mar	26.85	+0.19	26.90	26.66	1,478	10,783
May	27.09	+0.24	27.10	26.87	834	6,634
Jul	27.18	+0.14	27.18	27.00	1,327	4,475
Aug	27.20	+0.15	27.20	27.10	5	754
Total					14,121	70,346

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	206.3	+1.1	206.5	203.7	12,107	46,529
Jan	206.7	+0.8	206.9	204.3	3,811	16,938
Mar	207.7	+0.7	208.0	205.8	1,284	14,597
May	206.5	+0.1	206.8	205.0	615	5,666
Jul	206.4	-0.6	207.2	205.0	544	5,771
Aug	205.3	-0.2	206.0	206.0	24	580
Total					18,786	91,328

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	184.0	-	-	-	-	3
Mar	280.0	-	-	-	-	-
Apr	279.5	+1.4	282.0	278.0	76	1,141
May	312.5	-	-	-	-	6
Jun	360.5	-	-	-	-	-
Total					76	1,150

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	1560	-	-	1560	68	501
Nov	1582	+42	1598	1540	115	480
Dec	1578	+38	1585	1540	53	257
Jan	1565	+25	1570	1530	80	1,196
Apr	1560	+20	1561	1525	48	1,117
Jul	1415	+10	1420	1400	48	359
Total					344	4,028

	Close	Prev
BFI	1591	1559

FUTURES DATA
All futures data supplied by CMS.

TEA
The Tea Broker's Association reports, better liquoring assams met good competition but prices were generally lower. Mediums also showed an easier tendency following quality. Brightest East Africans continued strong at fully firm rates. Mediums sold well at around last levels. Offshore fair demand with prices about steady. Quotations: best available 180p/kg., good 145p/kg., good medium 122p/kg., medium 89p/kg., low medium 74p/kg. Highest price realised this week was 180p for a Kenya

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	926	-8	931	921	1,473	19,852
Mar	956	-5	958	951	1,433	33,409
May	972	-4	975	970	212	14,374
Jul	990	-3	991	989	174	4,743
Sep	1008	-3	1009	1002	65	23,609
Dec	1024	-4	1021	1020	28	6,137
Total					3,479	113,881

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1327	-10	1332	1323	4,814	24,759
Mar	1360	-10	1364	1356	3,100	23,387
May	1380	-11	1385	1377	329	9,225
Jul	1399	-11	1404	1400	2	3,460
Sep	1425	-5	-	-	80	6,279
Dec	1455	-5	-	-	10	6,898
Total					8,339	74,123

■ COCOA (ICCO) (SDR's/tonne)

Oct 27	Price	Prev. day
Daily	954.51	942.31

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	2388	-32	2415	2385	1,639	4,874
Jan	2275	-39	2320	2270	2,429	11,741
Mar	2211	-40	2260	2205	500	5,536
May	2151	-33	2195	2152	105	2,854
Jul	2110	-33	-	-	19	453
Sep	2075	-35	-	-	-	265
Total					4,673	25,723

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	120.55	-2.20	122.00	119.25	5,063	14,607
Mar	118.40	-2.10	119.50	117.40	1,236	9,582
May	117.00	-2.00	118.20	116.50	239	2,603
Jul	116.75	-2.15	118.00	116.75	29	522
Sep	117.40	-1.85	117.75	117.75	20	329
Dec	117.40	-1.85	-	-	20	67
Total					5,479	27,717

■ COFFEE (ICO) (US cents/pound)

Oct 27	Price	Prev. day
Comp. daily	120.77	120.79
15 day average	120.10	119.97

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	13.25	-	-	-	-	-
Mar	10.90	-	-	-	-	-
May	10.62	+0.02	-	-	-	-
Jul	10.62	+0.02	-	-	-	-
Total					-	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	351.5	+2.9	352.0	348.5	1,780	6,720
Mar	332.1	+0.4	333.5	331.1	1,264	13,914
May	322.9	-0.3	324.5	322.8	338	4,407
Aug	317.4	+0.2	318.5	317.2	232	1,976
Oct	287.3	-0.6	288.5	288.0	33	2,593
Dec	284.8	-	286.3	286.3	2	723
Total					3,849	30,476

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	10.55	+0.02	10.63	10.54	7,566	76,026
May	10.44	+0.02	10.50	10.43	1,015	20,140
Jul	10.27	-	10.34	10.26	640	13,724
Oct	10.23	+0.01	10.29	10.23	201	14,420
Mar	10.18	+0.02	10.24	10.18	57	8,123
May	10.10	+0.02	-	-	20	40
Total					9,479	132,503

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	86.08	+1.73	86.35	84.55	3,840	23,219
Mar	84.48	+1.05	85.25	83.50	1,824	16,843
May	84.55	+0.55	85.05	83.95	270	7,814
Jul	84.10	+0.60	84.60	84.00	575	6,119
Oct	79.08	-0.02	79.10	78.70	10	1,291
Dec	76.10	-0.40	76.50	75.90	158	6,510
Total					6,477	62,812

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	117.25	-0.35	118.90	117.20	1,142	2,760
Jan	117.80	-0.40	119.30	117.75	1,588	14,300
Mar	120.25	-0.25	121.00	120.05	293	2,909
May	122.50	-0.25	124.00	122.50	79	1,354
Jul	124.75	-0.25	126.50	124.75	6	527
Sep	125.00	-1.90	127.00	125.00	50	360
Total					3,159	22,605

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 30	Oct 27	month ago	year ago
2098.8	2102.6	2092.0	2105.5

■ CRB Futures (Base: 1967=100)

Oct 27	Oct 26	month ago	year ago
241.45	241.92	-	-

■ GSCI Spot (Base: 1970=100)

Oct 27	Oct 26	month ago	year ago
182.09	182.39	180.44	180.11

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	68.650	+0.325	68.700	68.175	3,610	30,593
Feb	67.775	+0.400	67.800	67.225	1,338	15,647
Apr	67.600	+0.200	67.600	67.200	791	9,589
Jun	63.625	+0.150	63.675	63.375	604	4,359
Aug	62.100	+0.075	62.100	61.950	82	1,825
Oct	63.000	+0.100	63.050	62.850	12	553
Total					6,418	62,579

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	44.450	-0.100	44.750	44.350	2,374	12,577
Feb	47.475	+0.275	47.525	47.000	2,024	7,909
Apr	47.275	+0.225	47.300	46.800	283	2,813
Jun	52.000	+0.125	52.050	51.800	185	3,166
Jul	51.700	+0.100	51.750	51.500	114	1,462
Aug	50.950	-0.050	50.950	50.850	68	669
Total					5,085	29,005

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	61.650	+0.575	61.900	60.400	1,332	5,846
Mar	61.500	+0.600	61.700	60.375	106	730
May	62.150	+0.600	62.500	61.500	15	221
Jul	63.475	+0.575	63.650	62.350	17	548
Aug	60.900	-	60.900	60.500	1	57
Total					1,470	7,404

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Dec	Feb	Dec	Feb
1650	49	37	97	60
1700	27	65	72	84
1750	14	101	52	114
■ COPPER (Grade A) LME	**Dec**	**Feb**	**Dec**	**Feb**
2650	104	105	38	82
2700	75	82	59	108
2750	51	62	85	137
■ COFFEE LCE	**Jan**	**Mar**	**Jan**	**Mar**
2400	101		176	-
2450	75	-	210	-
2500	71	-	246	-
■ COCOA LCE	**Dec**	**Mar**	**Dec**	**Mar**
875	4	-	55	-
900	9	-	35	-
925	19	-	20	-
■ BRENT CRUDE IPE	**Dec**	**Jan**	**Dec**	**Jan**
1550	78	80	3	20
1600	35	47	10	40
1650	16	27	35	69

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Dec)		+or-
Dubai	$15.55-5.65z	+0.03
Brent Blend (dated)	$16.45-6.47	+0.04
Brent Blend (Dec)	$16.25-6.27	-0.06
W.T.I. (1pm est)	$17.53-7.53z	+0.085

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$178-179	+2
Gas Oil	$154-156	
Heavy Fuel Oil	$85-87	-1
Naphtha	$156-157	
Jet fuel	$173-175	-1
Diesel	$158-159	+1

Petroleum Argus. Tel. London (0171) 359 8792

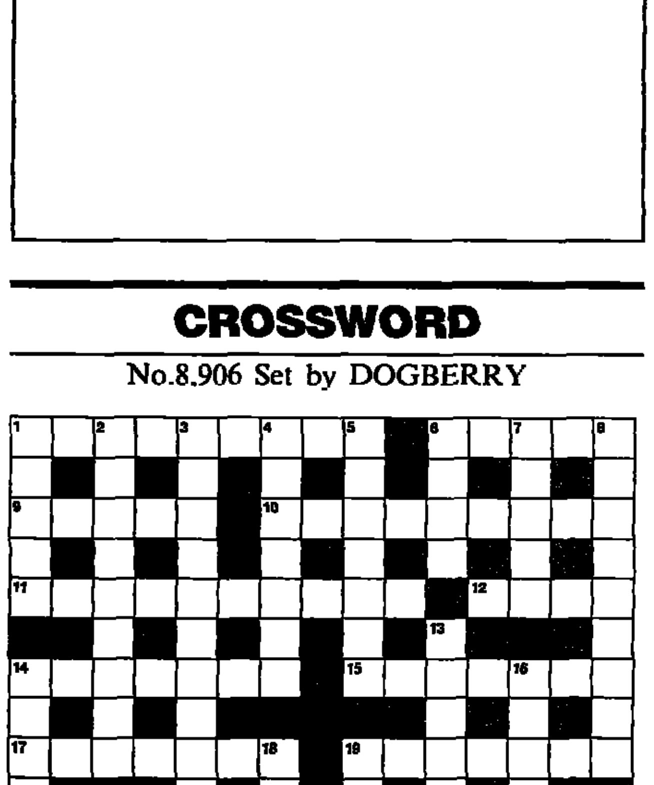
■ OTHER		
Gold (per troy oz)♣	$382.10	+0.05
Silver (per troy oz)♣	533.5c	+1.0
Platinum (per troy oz.)	$406.25	-3.00
Palladium (per troy oz.)	$135.75	-0.40
Copper	125.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.65m	+0.03
Tin (New York)	298.5c	
Cattle (live weight)†	127.39p	-0.53*
Sheep (live weight)†♠	105.81p	+2.51*
Pigs (live weight)†	95.99p	+2.03*
Lon. day sugar (raw)	$306.40	-1.60
Lon. day sugar (wte)	$368.00	-8.00
Barley (Eng. feed)	£116.5	+3.0
Maize (US No3 Yellow)	£105.0w	
Wheat (US Dark North)	Unq	
Rubber (Nov)♥	100.25p	
Rubber (Dec)♥	100.25p	
Rubber (KL RSS No1)	379.5m	+2.0
Coconut Oil (Phil)§	$727.5u	+7.5
Palm Oil (Malay.)§	$675.0	+40.0
Copra (Phil)§	464.0y	+11.0
Soyabeans (US)	193.0	-3
Cotton Outlook'A' index	89.15c	+0.10
Wooltops (64s Super)	458p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Dec. u Nov/Dec.♥ w Nov. y Nov/Dec. x Oct/Dec London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day

JOTTER PAD

CROSSWORD

No.8,906 Set by DOGBERRY



ACROSS

1 Footwear that slips on coffee, they say (9)
6 Currency ruled in the club (5)
9 Celebrated being on record (5)
10 Songs about opposite directions as a minimum (9)
11 Unscrupulous character embraces ghastly-sounding hound (10)
12 Love Returned or Pound Halved (4)
14 Mastery and aplomb needed to apprehend leaders of new Tory right (7)
15 Shade girl in cut turned (7)
17 Instrument to snap most of gut (7)
19 Sportsmen's challenge: breaking speed record (7)
20 Euphoria – induced by grass? (4)
22 Edited bad column about last of Tory right (6,4)
25 Plant ammunition in glue (9)
26 Obliterate the ages at the end of time (5)
27 River runs through nomad's home (5)
28 Sacrifice of American parent embracing cultured route (9)

DOWN

1 Style as pronounced at the big house (5)
2 Intermittently inert beast wanting a booster (9)
3 Pop star and unknown getting short break after conflict (4,6)
4 Enmity of women between 'ummocks (3-4)
5 Reshuffle fish in drink (5-2)
6 Domino of glycerides (4)
7 Conscious of wonderment about sun-god rising (5)
8 Sort of music oriental players excluded from hotpot (9)
13 Court papers, mostly, with lines on computer unit (10)
14 Produce good forgery of author's safeguard (9)
16 Exotic tea-blends for percussionists (5,4)
18 Animal getting large amount after work (7)
19 One using bow or crook (7)
21 Lectured on radial (5)
23 Stoker absorbing energy from fish (5)
24 Insect flavour in the ascendant (4)

**Solution to Saturday's prize puzzle on Saturday November 11.
Solution to yesterday's prize puzzle on Monday November 13.**

Treasuries little changed in early trading

By Lisa Bransten in New York and Mike Smith in London

US Treasury prices were flat to modestly lower in early trading yesterday as traders continued to look to Washington for signs about how the debate over the debt ceiling would be resolved.

Near midday, the benchmark 30-year Treasury was $\frac{1}{16}$ lower at $107\frac{1}{16}$ to yield 6.339 per cent. At the short end of the maturity spectrum, the two-year note was unchanged at 100, to yield 5.608 per cent.

Traders continue to be concerned about whether Congress will raise the debt ceiling to allow the Treasury to continue to roll over debt. Mr Robert Rubin, the US Treasury Secretary said late on Sunday that it would be extremely difficult for the government to make a $25bn interest payment due on November 15 if the Congress had not yet raised the debt ceiling.

There was little reaction in the market to figures showing personal income grew by 0.4 per cent in September, with consumption expenditure up 0.2 per cent. Economists had forecast 0.3 per cent income growth and 0.5 per cent expenditure growth.

Like bonds, the dollar was trading in a range yesterday, and by midday had edged down against the Japanese yen and the D-Mark from its levels of late Friday.

■ European government bonds got off to strong start, reflecting the strength of the US Treasuries market late on Friday. Although they drifted down later – partly in response to the weaker US bonds – they remained ahead on the day.

Analysts said the rises reflected rebounds from last week rather than new demand.

Volatility is expected to be limited this week. Tomorrow's All Saints' Day may discourage traders from taking significant positions and none of the European countries are expecting significant economic data.

GOVERNMENT BONDS

■ After a strong start, UK gilts lost more than half their gains later in the day as sterling drifted against the D-Mark and the US bond market showed losses. Trading volumes were low. The December long gilt futures contract on Liffe closed at $106\frac{1}{16}$, up $\frac{6}{32}$ on the day.

Some analysts were cheered that the market shrugged off the Bank of England's offer of £500m of tap stock, less than £200m of which was taken up.

There appears limited scope for significant price changes in the next few days. "People will sit it out," said Mr Chris Anthony, gilts analyst at ABN Amro Hoare Govett. "The market still requires significant triggers."

■ The short end of the French market was among the better performers as traders continued to react to the positive noises last week from the government on the French franc. However, the monthly auction of OATs on Thursday cast a cloud over bonds with maturities of 10 years and longer.

■ Italian futures tracked currency fluctuations and other bond markets. They fell in late trading amid nervous sentiment following last week's political turmoil.

Mr Stuart Thomson of Nikko Europe said both Italy and Spain would come under pressure if the D-Mark showed signs of strengthening against the dollar.

■ In Germany bunds and futures ended the day marginally ahead but volumes were low. As in the rest of Europe, the market lacked impulse as it awaited the result of the Quebec referendum and further US economic data.

Eni sets flexible tranches for share sale

By Antonia Sharpe

The privatisation of Eni, the Italian oil and gas company, got under way yesterday as the book-building process started and banks involved in the sale were informed of the size of the regional tranches.

The Italian government, which last week announced a price range of L5,250 to L6,000 a share, is offering to sell 1.35bn to 1.95bn shares, or 16.9 per cent to 24.4 per cent of the company's share capital.

If it sells all the shares at the top price, it will raise L11,400bn ($7.1bn). A "green shoe" or over-allotment option of up to 15 per cent of the offer could also be exercised.

The institutional tranche has been fixed at 950m shares, while 400m to 1bn shares have been reserved for the domestic retail offer, which will open on November 21.

US institutions look set to get the lion's share of the institutional tranche, with 200m–340m shares earmarked for them. The second-biggest tranche is for Italian institutions with 185m–285m shares, followed by the UK with 170m–240m shares, continental Europe with 100m–170m shares and the rest of the world with 55m–115m shares.

The elasticity of the institutional tranches is aimed at encouraging regional bank syndicates to compete with each other for stock, which the government hopes will maximise the price at which the shares are sold.

The government is also keeping its options open about the final size of the domestic retail offer. Although Eni is a household name, the likely response from the public is unclear because of the lack of an equity culture in Italy and the poor performance of past privatisation issues.

Negative interest rates set swaps dealers wrangling

By Laurie Morse in Chicago

The concept of negative interest rates is an abstract one for most of the world, most of the time. The idea that one might be asked to pay a bank or financial institution to hold one's money with no return is so absurd that economic pundits think a rational individual with surplus cash would stash it under the mattress and wait for a more lucrative investment climate, particularly in times of zero inflation.

DERIVATIVE INSTRUMENTS

However, people who deal with real money are eyeing Japan's deflated interest rates and wondering if an historic economic occurrence is in the works. With overnight rates in Japan currently at less than a full percentage point, might negative rates be possible there before year-end?

For derivatives dealers, because derivative instruments, and particularly widely-used interest rates swaps, are sometimes structured using discounts to prevailing rates, negative spreads, or payments, are a reality.

So, even if absolute rates don't become negative in Japan, derivatives counterparties are wrangling over who pays what as they watch the floating-rate side of swaps fall into negative territory.

The simplest interest rate swap is an agreement between two counterparties to exchange fixed interest rate payments for floating-rate payments. In a typical arrangement in Japan, a counterparty might have agreed to pay a fixed rate of 6 per cent in exchange for payments based on a floating rate 75 basis points under the Tokyo interbank offered rate.

With Tibor currently at 50 basis points, the floating-rate side of this deal is a negative 25 basis points. In this case, the institution responsible for the fixed-rate payments must pay its floating-rate counterparty the full 6 per cent cash-flow if floating rates hit zero.

More controversially, common practice is also dictating that once the floating rate turns negative, the fixed-payment side is also responsible for that payment. In other words, swaps don't have imbedded "floors" that limit floating rates to zero or higher. Swaps traders assume that if a spread turns negative, they will receive the absolute value of the spread.

Confused? Well, so is the swaps community. "Frankly, this point is not as clear as it might be," said Mr Dan Cunningham of law firm Cravath, Swaine and Moore and an adviser to the International Swaps and Derivatives Association.

Short-term rates turned negative only once, in Switzerland in 1979, and then for barely a fortnight. Swaps weren't widely used then, and the episode was viewed as an aberration.

However, people are concerned this will become a more common issue, and the derivatives community is scrambling to make universal policy statements, rather than face one-off objections from end-users.

ISDA will release a memorandum this week detailing recommended language to be used in swaps contracts to account for negative payments.

"As an industry association we can't take a position on the best way to resolve this question," said Mr Chip Goodrich, ISDA's vice-chairman. "Essentially we want to issue an advisory [statement] and say we are aware of the problem."

Strong demand for TVA 30-year tranche

By Conner Middelmann

The biggest surprise in the Tennessee Valley Authority's two-tranche global bond offering was the success of its 30-year portion among international investors.

INTERNATIONAL BONDS

While the $1bn portion of TVA's five-year bonds, to be priced today at 19 to 21 basis points over US Treasuries, predictably met with solid international interest, the 30-year tranche saw such demand that it was increased by $100m from the initially planned $500m.

Moreover, it is to be priced at 37 to 39 basis points over Treasuries – slightly tighter than the 40 basis point yield spread of the World Bank's outstanding 30-year bond.

Most of the international demand for the longer tranche came from Europe, notably German and UK accounts, said book-runner Lehman Brothers.

A syndicate manager at another house put this down to the scarcity of 30-year supply. "The latest 30-year Treasury is very tightly held and there is not a lot of long-dated product out there," he said.

Elsewhere, the International Finance Corporation issued the third Czech koruna eurobond, Kc1bn of 10.5 per cent three-year bonds, following recent pioneering deals for GECC and the Nordic Investment Bank. The IFC issue was targeted largely at retail investors and lead manager Commerzbank reported good placement in Germany and Austria.

It is unlikely, however, that the recent deals will pave the way for a wave of koruna eurobonds. "Swaps are very difficult to arrange, and placement is limited," said one dealer.

Elsewhere, Japanese buying spurred more issuance: Mitsubishi Corporation issued Y100bn of bonds in three short-dated tranches targeted at specific Japanese institutional demand via Morgan Stanley.

The European Investment Bank issued the first tranche of a planned Y100bn offer of Samurai bonds, targeted at Japanese retail, via Nikko. Yesterday's issue was for Y60bn of dual-currency bonds, of which Y35bn will be repaid in Australian dollars and the remainder redeemed in US dollars.

Korean Development Bank is rumoured to be planning a $500m global bond issue next week, with Lehman Brothers and Salomon Brothers tipped as joint leads.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Tennessee Valley Authority(a)	1bn	(a1)#	(a1)R	Nov.2000	0.25R	(a1)(5¾%-00)	Lehman Brothers Intl.
Tennessee Valley Authority(b)	600	(b1)#	(b1)R	Nov.2025	0.55R	(b1)(7⅝%-25)	Lehman Brothers Intl.
YEN							
Mitsubishi Corp Fin., A(c)	20bn	1.25	100.225	Nov.1998	0.225	-	Morgan Stanley & Co. Intl.
Mitsubishi Corp Fin., B(d)	30bn	1.27	100.225	Nov.1998	0.225	-	Morgan Stanley & Co. Intl.
Mitsubishi Corp Fin., C★	50bn	2.00	101.80	Oct.1996	0.10	-	Morgan Stanley & Co. Intl.
LW Rentenbank★	10bn	(e)	100.00	Nov.2015	none	-	Salomon Brothers Intl.
Belgacom★	10bn	(f)	100.50	Nov.2015	0.50	-	Daiwa Europe
D-MARKS							
Bayerische Hypobank(g)	1.5bn	5.75	100.54	Nov.2001	2.125	-	Bayer.Hypo./ Helaba/ UBS
City of Munich	400	6.625	101.70	Nov.2005	2.50	-	Bayerische Vereinsbank
SWISS FRANCS							
Daimler-Benz North America	125	4.125	103.00	Jan.2002	2.25	-	Deutsche Morgan Grenfell
GUILDERS							
Nutricia Netherlands(h)§	300	4.375	100.00	Nov.2002	2.50	-	ABN Amro Hoare Govett
ITALIAN LIRE							
Commerzbank(j)	75bn	10.25	100.252	Oct.1998	1.375	-	BCI/ IMI Lux/ San Paolo
AUSTRALIAN DOLLARS							
Toyota Finance Australia	100	8.00	101.165	Dec.1998	1.50	-	Barclays de Zoete Wedd
CZECH KORUNA							
International Finance Corp.	1bn	10.50	101.24	Nov.1998	1.375	-	Commerzbank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. §Convertible. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Series D. Plus 2 days accrued. a1) Priced today at 19-21bp over Treasuries. b) Series E. Plus 2 days accrued. b1) Priced today at 37-39bp over Treasuries. c) Callable in May & Nov.96. d) Callable in Feb.96. e) 5.10% in DM, 5.56% in A$ or 6.50% in US$: issuers choice. f) 5.80% in A$, 5.30% in DM or 6% in US$: issuers choice, first coupon in DM. g) Offentliche pfandbriefe. h) Convertible into Verenigde Bedrijven Nutricia certificates of shares at Fl 154. Callable from 9/11/00, subject to 130% hurdle, at par. j) Fungible with L150bn. Plus 44 days accrued.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		7.500	07/05	92.3500	−0.050	8.68	8.54	8.64
Austria		6.875	06/05	99.5400	+0.140	6.93	6.98	6.77
Belgium		6.500	03/05	96.6900	+0.240	6.98	7.10	6.92
Canada *		8.750	12/05	108.6500	+1.150	7.78	8.04	7.89
Denmark		7.000	12/04	94.6200	+0.040	7.84	7.95	7.68
France	BTAN	7.750	04/00	104.4800	+0.105	6.57	6.85	6.53
	OAT	7.750	10/05	102.9200	+0.030	7.33	7.57	7.28
Germany Bund		6.500	10/05	100.2000	+0.060	6.47	6.55	6.41
Ireland		6.250	10/04	0.0000	-	8.13	8.26	8.01
Italy		10.500	04/05	93.7200	+0.070	11.61†	12.09	11.06
Japan	No 129	6.400	03/00	119.8130	+0.014	1.56	1.54	1.61
	No 174	4.600	09/04	112.5510	+0.031	2.83	2.81	2.67
Netherlands		7.000	06/05	103.2900	+0.060	6.52	6.59	6.44
Portugal		11.875	02/05	103.4400	+0.180	11.24	11.31	10.98
Spain		10.150	01/06	93.0700	+0.100	10.91	11.02	10.65
Sweden		6.000	02/05	80.5650	+0.065	9.20	9.35	9.35
UK Gilts		8.000	12/00	102-11	+7/32	7.43	7.66	7.32
		8.500	12/05	103-11	+12/32	8.01	8.21	7.82
		9.000	10/08	106-27	+10/32	8.13	8.31	7.91
US Treasury *		6.500	08/05	103-11	+17/32	6.04	6.07	6.14
		6.875	08/25	106-27	+32/32	6.36	6.38	6.49
ECU (French Govt)		7.500	04/05	98.6300	+0.090	7.67	7.78	7.50

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.42	Two year	5.63
Prime rate	8¾	Two month	5.49	Three year	5.70
Broker loan rate	7½	Three month	5.38	Five year	5.82
Fed.funds	5$\frac{13}{16}$	Six month	5.56	10-year	6.03
Fed.funds at intervention...	-	One year	5.54	30-year	6.35

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	116.74	116.74	+0.14	117.10	116.70	112,239	108,228
Mar	116.10	116.08	+0.06	116.52	116.10	2,743	7,085
Jun	116.70	116.34	+0.14	116.70	116.70	2	2,171

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
114	-	2.75	-	0.09	0.67	-
115	1.92	-	-	0.22	0.99	-
116	1.17	1.48	-	0.43	1.35	-
117	0.54	0.97	-	0.81	-	-
118	0.20	0.65	-	-	-	-

Est. vol. total, Calls 22,651 Puts 30,823 . Previous day's open int., Calls 127,707 Puts 131,354.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.50	96.34	+0.08	96.54	96.31	59686	199763
Mar	95.88	95.74	+0.08	95.92	95.74	707	6709

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
9600	0.69	0.58	0.80	0.97	0.35	0.84	1.06	1.23
9650	0.41	0.39	0.60	0.75	0.57	1.15	1.36	1.51
9700	0.23	0.25	0.44	0.57	0.89	1.51	1.70	1.83

Est. vol. total, Calls 7893 Puts 8738. Previous day's open int., Calls 171137 Puts 150806

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	102.35	101.65	-0.08	102.58	101.60	33465	49305
Mar	101.88	101.30	-0.08	101.88	101.60	112	762

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
10150	1.05	2.09	0.90	2.29
10200	0.81	1.86	1.16	2.56
10250	0.61	1.65	1.46	2.85

Est. vol. total, Calls 3839 Puts 3832. Previous day's open int., Calls 48010 Puts 47142

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	88.84	88.60	+0.06	88.98	88.53	25,638	31,318
Mar	-	88.40	-	-	-	-	168

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	106-11	106-05	+0-08	106-15	106-02	25182	100191
Mar	105-27	105-20	+0-09	105-27	105-26	104	694

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
106	0-56	0-63	1-25	1-38	0-46	1-23	1-49	1-62
107	0-27	0-38	0-63	1-11	1-17	1-62	2-23	2-35
108	0-11	0-21	0-43	0-54	2-01	2-45	3-03	3-14

Est. vol. total, Calls 1265 Puts 1162. Previous day's open int., Calls 33252 Puts 29242

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	87.56	87.22	+0.08	87.56	87.20	426	9,161

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	116–25	116–27	+0–01	117–03	116–22	567,478	392,186
Mar	116–15	116–16	+0–01	116–23	116–12	7,810	29,499
Jun	116–05	116–02	+0–02	116–09	116–01	56	4,943

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	120.95	-	-	121.10	120.88	2253	0
Mar	119.69	-	-	119.87	119.67	699	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Oct 30	Day's change %	Fri Oct 27	Accrued interest	xd adj. ytd		Low coupon yield Oct 30	Oct 27	Yr. ago	Medium coupon yield Oct 30	Oct 27	Yr. ago	High coupon yield Oct 30	Oct 27	Yr. ago
1 Up to 5 years (22)	121.17	+0.13	121.01	1.36	9.72	5 yrs	7.53	7.58	8.69	7.53	7.57	8.71	7.61	7.68	8.89
2 5-15 years (21)	145.48	+0.33	145.00	2.05	10.32	15 yrs	8.14	8.19	8.57	8.18	8.24	8.72	8.26	8.32	8.94
3 Over 15 years (9)	161.16	+0.46	160.43	2.97	10.45	20 yrs	8.20	8.24	8.52	8.23	8.28	8.72	8.29	8.35	8.82
4 Irredeemables (6)	180.78	+0.95	179.08	−0.02	13.47	Irred.†	8.27	8.35	8.56						
5 All stocks (58)	140.97	+0.30	140.56	1.97	10.23										

Index-linked							Inflation 5% Oct 30	Oct 27	Yr. ago	Inflation 10% Oct 30	Oct 27	Yr. ago
6 Up to 5 years (1)	193.21	+0.07	193.08	0.10	8.37	Up to 5 yrs	3.25	3.27	4.09	2.12	2.14	2.87
7 Over 5 years (11)	185.35	−0.02	185.39	0.84	4.45	Over 5 yrs	3.69	3.69	3.89	3.49	3.49	3.70
8 All stocks (12)	185.40	−0.02	185.43	0.82	4.54							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 30	Oct 27	Oct 26	Oct 25	Oct 24	Yr ago	High*	Low*
Govt. Secs. (UK)	93.33	93.07	93.35	93.19	92.57	91.04	95.51	90.22
Fixed interest	111.51	111.60	111.64	110.86	110.84	107.74	114.66	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23
Gilt Edged bargains	80.3	98.4	117.0	89.9	101.8
5-day average	97.5	97.1	94.0	88.4	89.7

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on October 30

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 5 97	1000	98⅞	99⅛		5.94
Abbey Natl Treasury 6½ 03	1000	99⅜	99¾	+¼	6.60
ABN Ambro Bank 7¼ 05	1000	103⅝	103⅞	+⅛	6.84
Sweden 8 97	2500	103⅜	103⅝		4.61
United Kingdom 7⅛ 97	5500	105	105	+⅛	4.45
Volkswagen Intl Fin 7 03	1000	101⅞	102⅜		6.69
World Bank 0 15	2000	26⅛	26⅝	+¼	6.89
Abbey Natl Treasury 8 03 £	1000	97¼	97⅞		8.40
Alliance Leics 11⅞ 97 £	100	105¾	106⅛		7.18
British Land 8⅞ 23 £	150	91⅛	91⅝	+¼	10.05
Denmark 6¾ 98 £	800	98⅜	98½	+⅛	7.39
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or –	1995 High	1995 Low
Shorts" (Lives up to Five Years)							
Treas 14pc 1996		13.78	6.52	101⅝	—	106⅞	101⅝
15¼pc 1996‡‡		14.61	6.45	104⅜xd	—	109⅝	104⅜
Treas 12½pc 2003-5		9.90	8.00	126⅞xd			
Treas 8½pc 2005‡‡		8.23	8.00	103			
7½pc 2006‡‡		7.79	8.00	96⅛			
Index-Linked 2pc '96	(67.9)	0.37	3.29	213½	+⅛	213½	201
4⅝pc '98‡‡	(135.6)	2.12	3.25	111½	+⅛	112	108
2½pc '01	(78.3)	3.14	3.62	176		177	165
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]

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CURRENCIES AND MONEY

MARKETS REPORT

US dollar mixed as market waits for Quebec vote

By Graham Bowley

Quebec's decision on whether or not to separate from the rest of Canada, which was expected to be announced late last night, kept foreign exchanges subdued yesterday.

The US dollar had a mixed session, losing much of the momentum it enjoyed last week. It failed to hold on to early gains but remained well supported.

The D-Mark finished lower, amid speculation that the Bundesbank might allow another fall in its short-term "repo" rate later this week.

The D-Mark's weakness allowed other European currencies to make some headway, with the French franc and Swedish krona performing well.

The dollar closed in London at DM1.4053, from the previous finish of DM1.401. Against the yen, it touched Y102 before closing at Y101.57, compared with Y101.70.

Sterling and the Italian lira had a quiet day. The pound closed at DM2.2162, from DM2.2130 and at $1.5771 from $1.5800. The sterling exchange rate index closed at 83.8, unchanged from the previous close.

■ The Quebec electorate's vote on separation is likely to galvanise the foreign exchange markets into action today, whatever its decision.

The Canadian dollar had a quiet session yesterday. Against the US dollar, it finished around C$1.3599, from $1.370 at the previous close.

But analysts said that it could move widely today after the result of the vote is announced. "The US dollar and the D-mark could benefit significantly from safe-haven flows if they do vote for secession," said Mr Keith Edmonds, chief analyst at IBJ International.

■ After last week's advances, which came largely at the expense of the D-Mark after the German currency was hit by worries over the health of Mr Boris Yeltsin, the Russian president, the US dollar was more subdued yesterday.

The currency opened strongly at the start of the London session but soon ran into a bout of profit taking around the Y102.20 and DM1.4150 levels and then drifted lower.

But analysts said sentiment towards the dollar was positive. "The dollar has remained relatively well supported after last week's gains and that has taken some of the upward pressure off the D-mark," said Mr Gerard Lyons, chief economist at DKB International.

Data showing a 0.4 per cent rise in US personal income and a 0.2 per cent increase in personal consumption in September had little impact on the currency but did suggest a more a sustainable rate of growth, analysts said. "These were more in line with a picture of modest growth" than previous data, said Mr Lyons.

Attention is now turning to jobs data for October due on Friday. After strong economic growth in the third quarter of the year, these figures will provide some of the first measures of how the US economy is fairing in the fourth quarter.

■ In Germany, attention is turning to the Bundesbank's money market operations on Thursday. The D-Mark remained soft yesterday on the expectation that the central bank could resume easing its key securities repurchase rate having held it at 4.03 per cent for three weeks.

The D-mark finished lower, although it closed above its lows for the day as the dollar relinquished its earlier gains.

While the D-Mark fell back, the Swedish krona moved to new highs as confidence in Sweden's economy continued to grow. Against the D-Mark, the krona closed at SKr4.716, from SKr4.718.

■ French finance minister Jean Arthuis injected some interest into the market for the French franc when he said that conditions were right for a rise in the franc that would lead to a "significant" fall in French interest rates.

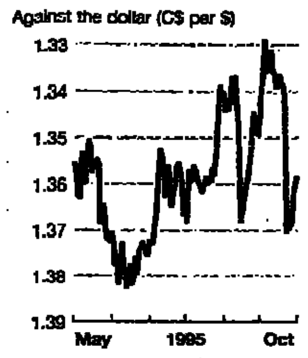
The franc moved higher against the D-Mark, closing at FFr3.475 from FFr3.478. There was some speculation that the Bank of France might soon trim its 24-hour lending rate.

But some analysts said that the French authorities' eagerness to lower interest rates might backfire and undermine the currency's recent strength.

■ The Bank of England provided £900m assistance towards clearing a forecast money market shortage of around £950m.

Canadian dollar

Against the dollar (C$ per $)



Source: FT Extel

■ **Pound in New York**

Oct 30	Latest	Prev. close
£ spot	1.5785	1.5785
1 mth	1.5775	1.5774
3 mth	1.5758	1.5754
1 yr	1.5648	1.5646

■ **OTHER CURRENCIES**

Oct 30	£	$
Czech Rp	41.2875 - 41.3068	26.1750 - 26.1850
Hungary	206.677 - 206.873	131.090 - 131.140
Iran	4732.50 - 4729.80	3000.00 - 3000.00
Kuwait	0.4723 - 0.4731	0.2996 - 0.2999
Poland	3.8548 - 3.8617	2.4450 - 2.4480
Russia	7109.80 - 7110.47	4507.00 - 4510.00
U.A.E.	5.7807 - 5.7943	3.6729 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Oct 30		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5975	+0.0216	891 - 059	15.6911	15.5183	15.5671	2.3	15.5085	2.3	-	-	107.2
Belgium	(BFr)	45.5775	+0.1036	511 - 039	45.8080	45.4790	45.4825	2.5	45.2925	2.5	44.5575	2.2	109.9
Denmark	(DKr)	8.5989	+0.0184	940 - 037	8.6363	8.5970	8.5913	1.1	8.5747	1.1	8.5122	1.0	110.2
Finland	(FM)	6.6913	+0.0116	854 - 971	6.7270	6.6530	6.6869	0.8	6.6788	0.7	-	-	87.9
France	(FFr)	7.7006	+0.0044	970 - 045	7.7281	7.6919	7.7077	-1.1	7.7133	-0.6	7.7079	-0.1	110.2
Germany	(DM)	2.2162	+0.0033	151 - 173	2.2300	2.2146	2.2111	2.8	2.2017	2.6	2.1607	2.5	112.7
Greece	(Dr)	364.819	-0.165	636 - 002	368.282	364.499	-	-	-	-	-	-	67.3
Ireland	(I£)	0.9753	+0.0005	744 - 762	0.9765	0.9721	0.9745	1.0	0.9732	0.9	0.9699	0.5	97.5
Italy	(L)	2517.96	-2.77	825 - 966	2523.22	2509.60	2525.21	-3.5	2540.11	-3.5	2608.26	-3.6	69.7
Luxembourg	(LFr)	45.5775	+0.1036	511 - 039	45.8080	45.4790	45.4825	2.5	45.2925	2.5	44.5575	2.2	109.9
Netherlands	(Fl)	2.4834	+0.0041	819 - 849	2.4982	2.4811	2.4769	3.1	2.466	2.8	2.4198	2.6	109.8
Norway	(NKr)	9.8022	-0.0028	970 - 073	9.8550	9.7456	9.7898	1.5	9.7679	1.4	9.6924	1.1	98.9
Portugal	(Es)	233.735	+0.085	589 - 880	234.916	233.658	234.275	-2.8	235.495	-3.0	-	-	95.3
Spain	(Pta)	192.298	+0.164	188 - 408	193.048	192.173	192.798	-3.1	193.738	-3.0	198.138	-3.0	81.0
Sweden	(SKr)	10.4504	+0.0134	415 - 593	10.4715	10.4042	10.4526	-0.3	10.4572	-0.3	10.4805	-0.3	86.0
Switzerland	(SFr)	1.7901	+0.0008	888 - 914	1.8010	1.7888	1.783	4.8	1.7712	4.2	1.7182	4.0	116.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	83.8
Ecu	-	1.2068	-0.0004	060 - 076	1.2128	1.2071	1.2057	1.1	1.2035	1.1	1.1941	1.1	-
SDR†	-	1.05218	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5768	-0.003	763 - 773	1.5785	1.5736	-	-	-	-	-	-	-
Brazil	(R$)	1.5164	-0.0025	151 - 176	1.5265	1.5124	-	-	-	-	-	-	-
Canada	(C$)	2.1446	-0.0205	432 - 460	2.1566	2.1337	2.1457	-0.6	2.1477	-0.6	2.1515	-0.3	84.0
Mexico	(New Peso)	10.8659	-0.3446	312 - 005	11.1442	10.8182	-	-	-	-	-	-	-
USA	($)	1.5771	-0.003	766 - 775	1.5785	1.5734	1.576	0.8	1.574	0.8	1.5631	0.9	93.0
Pacific/Middle East/Africa													
Australia	(A$)	2.0701	-0.0245	688 - 713	2.0720	2.0683	2.0714	-0.8	2.0743	-0.8	2.089	-0.9	87.2
Hong Kong	(HK$)	12.1946	-0.0239	903 - 988	12.2050	12.1676	12.1911	0.3	12.1786	0.5	12.145	0.4	-
India	(Rs)	54.8814	-1.131	080 - 548	55.8520	54.7020	-	-	-	-	-	-	-
Israel	(Shk)	4.7815	-0.016	762 - 868	4.7973	4.7509	-	-	-	-	-	-	-
Japan	(Y)	160.173	-0.518	088 - 258	161.230	160.040	159.258	6.9	157.648	6.3	150.723	5.9	140.9
Malaysia	(M$)	4.0113	+0.0096	093 - 132	4.0212	3.9930	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3886	-0.0169	870 - 902	2.3913	2.3885	2.3945	-3.0	2.4038	-2.5	2.4294	-1.7	101.3
Philippines	(Peso)	40.9718	-0.0821	812 - 623	41.0656	40.8805	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9148	-0.0112	129 - 166	5.9198	5.9014	-	-	-	-	-	-	-
Singapore	(S$)	2.2339	-0.0024	325 - 353	2.2372	2.2322	-	-	-	-	-	-	-
South Africa	(R)	5.7519	+0.008	491 - 547	5.7560	5.7315	-	-	-	-	-	-	-
South Korea	(Won)	1207.00	-3.24	657 - 742	1208.59	1204.28	-	-	-	-	-	-	-
Taiwan	(T$)	42.5599	-0.0351	446 - 751	42.5848	42.4645	-	-	-	-	-	-	-
Thailand	(Bt)	39.6626	-0.0439	357 - 899	39.7020	39.5900	-	-	-	-	-	-	-

† Rates for Oct 27. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 30		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.8903	+0.0324	878 - 928	9.9610	9.8870	9.8752	1.8	9.8451	1.8	9.7358	1.6	107.3
Belgium	(BFr)	28.9005	+0.1205	920 - 090	29.0800	28.8370	28.8595	1.7	28.7805	1.7	28.4805	1.5	109.5
Denmark	(DKr)	5.4525	+0.022	510 - 540	5.4791	5.4496	5.4532	-0.2	5.449	0.3	5.4585	-0.1	109.6
Finland	(FM)	4.2429	+0.0153	404 - 454	4.2751	4.2176	4.2424	0.1	4.2414	0.1	4.2369	0.1	87.3
France	(FFr)	4.8830	+0.012	820 - 840	4.9097	4.8760	4.8915	-2.1	4.9015	-1.5	4.923	-0.8	109.8
Germany	(DM)	1.4053	+0.0047	050 - 056	1.4153	1.4045	1.4031	1.9	1.3987	1.9	1.3802	1.8	112.2
Greece	(Dr)	231.330	+0.335	280 - 380	233.860	231.120	233.055	-8.9	236.255	-8.5	249.73	-8.0	66.7
Ireland	(I£)	1.6170	-0.004	160 - 180	1.6180	1.6145	1.6172	-0.1	1.6173	-0.1	1.6238	-0.4	-
Italy	(L)	1596.63	+1.28	600 - 725	1599.00	1591.60	1603.38	-5.1	1615.43	-4.7	1672.63	-4.8	69.0
Luxembourg	(LFr)	28.9005	+0.1205	920 - 090	29.0800	28.8370	28.8595	1.7	28.7805	1.7	28.4805	1.5	109.5
Netherlands	(Fl)	1.5747	+0.0056	742 - 752	1.5880	1.5742	1.572	2.0	1.567	2.0	1.547	1.8	109.3
Norway	(NKr)	6.2155	+0.01	140 - 170	6.2552	6.1759	6.2117	0.7	6.2055	0.6	6.1955	0.3	98.1
Portugal	(Es)	148.210	+0.335	160 - 260	149.180	148.150	148.675	-3.8	149.685	-4.0	154.31	-4.1	95.3
Spain	(Pta)	121.935	+0.335	900 - 970	122.500	121.860	122.315	-3.7	123.085	-3.8	126.58	-3.8	80.5
Sweden	(SKr)	6.6266	+0.0211	228 - 303	6.6456	6.6103	6.6441	-3.2	6.6806	-3.3	6.8491	-3.4	85.6
Switzerland	(SFr)	1.1351	+0.0027	346 - 356	1.1433	1.1342	1.1315	3.8	1.1254	3.4	1.0976	3.3	116.1
UK	(£)	1.5771	-0.003	766 - 775	1.5785	1.5734	1.576	0.8	1.574	0.8	1.5631	0.8	83.3
Ecu	-	1.3068	-0.0021	063 - 073	1.3075	1.2990	1.3072	-0.4	1.3079	-0.3	1.3102	-0.3	-
SDR†	-	0.66501	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	1.0001	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	0.9615	+0.0002	610 - 620	0.9680	0.9610	-	-	-	-	-	-	-
Canada	(C$)	1.3599	-0.0104	594 - 604	1.3700	1.3520	1.3616	-1.5	1.3646	-1.4	1.3769	-1.3	82.3
Mexico	(New Peso)	6.8900	-0.205	700 - 100	6.9200	6.8700	6.8922	-0.4	6.8954	-0.3	6.9003	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	94.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3125	-0.0131	122 - 130	1.3152	1.3120	1.3143	-1.6	1.3179	-1.6	1.3376	-1.9	87.1
Hong Kong	(HK$)	7.7325	-0.0005	320 - 330	7.7338	7.7320	7.734	-0.2	7.736	-0.2	7.7562	-0.3	-
India	(Rs)	34.8000	-0.65	000 - 000	35.3100	34.7000	34.95	-5.2	35.255	-5.2	36.725	-5.5	-
Israel	(Shk)	3.0319	-0.0044	294 - 344	3.0424	3.0105	-	-	-	-	-	-	-
Japan	(Y)	101.565	-0.135	540 - 590	102.200	101.530	101.07	5.8	100.15	5.6	96.275	5.2	141.0
Malaysia	(M$)	2.5435	+0.011	430 - 440	2.5478	2.5330	2.5435	0.0	2.5438	-0.1	2.5515	-0.3	-
New Zealand	(NZ$)	1.5145	-0.0078	140 - 152	1.5172	1.5139	1.5186	-3.2	1.5261	-3.1	1.5508	-2.4	-
Philippines	(Peso)	25.9800	+0.01	300 - 300	26.0300	25.9300	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	504 - 506	3.7506	3.7504	3.7511	-0.2	3.7519	-0.1	3.7551	-0.1	-
Singapore	(S$)	1.4165	+0.0012	160 - 170	1.4190	1.4155	1.4131	2.9	1.4068	2.8	1.382	2.4	-
South Africa	(R)	3.6473	+0.012	465 - 480	3.6495	3.6375	3.6726	-8.3	3.7226	-8.3	3.9538	-8.4	-
South Korea	(Won)	765.350	-0.6	300 - 400	765.900	765.000	768.35	-4.7	771.85	-3.4	790.35	-3.3	-
Taiwan	(T$)	26.9870	+0.029	850 - 890	26.9900	26.9590	27.007	-0.9	27.047	-0.9	-	-	-
Thailand	(Bt)	25.1500	+0.02	400 - 600	25.1640	25.1380	25.2375	-4.2	24.885	4.2	26.105	-3.8	-

† SDR rate per $ for Oct 27. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 27. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

October 30	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 7/8	4 1/8	4 1/8	4 1/8	4 1/8	8.00	3.50	–
week ago	4 1/16	4 1/8	4 1/8	4 1/8	4 1/8	8.00	3.50	–
France	6 3/4	6 1/2	6 1/2	6 3/16	6 1/8	5.00	–	7.00
week ago	6 7/8	6 15/16	7 1/2	7 1/4	6 3/4	5.00	–	7.00
Germany	4 1/8	4 1/8	4 1/16	4 1/16	4 1/16	5.50	3.50	4.03
week ago	4 1/16	4 1/8	4 1/16	4	4	5.50	3.50	4.03
Ireland	5 7/16	5 7/16	5 5/8	5 13/16	6 1/16	–	–	6.25
week ago	5 5/16	5 9/16	5 13/16	6 1/16	6 7/16	–	–	6.25
Italy	10 1/4	10 1/4	10 5/8	10 11/16	10 11/16	–	9.00	10.77
week ago	10 1/2	10 1/4	10 7/8	11	11 1/16	–	9.00	10.38
Netherlands	3 3/4	3 5/8	3 5/8	3 3/4	4	–	3.50	3.70
week ago	3 7/8	3 5/8	3 7/8	3 7/8	4 1/16	–	3.50	3.70
Switzerland	1 7/8	1 7/8	2 1/16	2 1/16	2 1/16	5.00	2.00	–
week ago	1 7/8	1 7/8	2 1/8	2 1/8	2 3/16	5.00	2.00	–
US	5 3/4	5 13/16	5 3/4	5 5/8	5 5/8	–	5.25	–
week ago	5 11/16	5 7/8	5 7/8	5 3/4	5 5/8	–	5.25	–
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	0.50	–
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	0.50	–
■ **$ LIBOR FT London**								
Interbank Fixing	–	5 7/8	5 13/16	5 5/8	5 9/16	–	–	–
week ago	–	5 7/8	5 13/16	5 3/4	5 5/8	–	–	–
US Dollar CDs	–	5.63	5.59	5.60	5.58	–	–	–
week ago	–	5.63	5.60	5.61	5.64	–	–	–
ECU Linked Ds	–	[illegible]	[illegible]	[illegible]	[illegible]	–	–	–
week ago	–	[illegible]	[illegible]	[illegible]	[illegible]	–	–	–
SDR Linked Ds	–	3 3/4	3 3/4	3 11/16	3 11/16	–	–	–
week ago	–	3 3/4	3 13/16	3 13/16	3 13/16	–	–	–

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds)

EURO CURRENCY INTEREST RATES

Oct 30	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 1/16 - 3 15/16	4 1/16 - 3 15/16	4 1/8 - 4	4 3/16 - 4 1/16	4 5/16 - 4 3/16	4 3/8 - 4 1/4
Danish Krone	5 3/4 - 5 1/4	5 7/16 - 5 7/16	5 9/16 - 5 7/16	5 11/16 - 5 1/2	5 13/16 - 5 5/8	5 7/8 - 5 5/8
D-Mark	4 - 3 7/8	4 1/4 - 4	4 1/8 - 4	4 1/32 - 3 15/16	4 1/16 - 3 15/16	4 1/16 - 3 15/16
Dutch Guilder	3 7/8 - 3 3/4	3 7/8 - 3 3/4	3 7/8 - 3 3/4	3 15/16 - 3 7/8	3 15/16 - 3 7/8	4 1/32 - 3 31/32
French Franc	6 1/4 - 5 7/8	6 1/2 - 6 1/8	6 1/2 - 6 3/8	6 1/2 - 6 3/8	6 7/16 - 6 1/4	6 1/4 - 6 1/8
Portuguese Esc.	8 15/16 - 8 13/16	8 7/8 - 8 3/4	9 1/8 - 9	9 1/4 - 9 1/8	9 3/8 - 9 1/4	9 9/16 - 9 7/16
Spanish Peseta	9 3/8 - 9 1/4	9 3/8 - 9 1/4	9 3/8 - 9 1/4	9 15/32 - 9 13/32	9 5/8 - 9 1/2	9 11/16 - 9 9/16
Sterling	6 5/8 - 6 1/2	6 5/8 - 6 1/2	6 21/32 - 6 19/32	6 23/32 - 6 21/32	6 3/4 - 6 11/16	6 3/4 - 6 11/16
Swiss Franc	3 3/8 - 3 1/8	2 - 1 7/8	2 - 1 7/8	2 1/16 - 1 15/16	2 1/16 - 1 15/16	2 1/16 - 1 15/16
Can. Dollar	6 7/8 - 6 5/8	6 15/16 - 6 11/16	7 - 6 3/4	7 1/16 - 6 15/16	7 1/16 - 6 15/16	7 - 6 7/8
US Dollar	5 3/4 - 5 1/2	5 13/16 - 5 11/16	5 7/8 - 5 5/8	5 13/16 - 5 11/16	5 7/8 - 5 11/16	5 13/16 - 5 5/8
Italian Lira	10 1/2 - 10 3/8	10 1/2 - 10 1/4	10 1/2 - 10 3/8	10 5/8 - 10 1/2	10 11/16 - 10 9/16	10 3/4 - 10 5/8
Yen	9/16 - 1/2	5/8 - 1/2	5/8 - 1/2	3/8 - 1/8	3/8 - 1/8	1/4 - 5/8
Asian $Sing	2 1/2 - 2 3/8	2 11/16 - 2 9/16	2 3/4 - 2 5/8	2 13/16 - 2 11/16	2 15/16 - 2 13/16	3 1/8 - 3

Short term rates are call for the US Dollar and Yen, others, two days' notice

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.60	93.61	+0.23	93.76	93.58	57,955	39,301
Mar	94.23	94.21	+0.12	94.36	94.20	12,987	33,375
Jun	94.60	94.47	+0.07	94.62	94.45	12,363	32,686

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.98	95.98	+0.01	95.99	95.97	6409	135229
Mar	96.10	96.11	+0.01	96.13	96.10	6709	151524
Jun	96.03	96.04	+0.01	96.07	96.03	5059	126867
Sep	95.89	95.88	+0.02	95.90	95.87	5263	93825

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.49	89.42	+0.02	89.56	89.40	9266	28705
Mar	89.75	89.68	+0.03	89.75	89.67	3105	27829
Jun	89.91	89.84	+0.01	89.93	89.84	331	15034
Sep	89.98	89.90	-0.01	89.99	89.90	305	8029

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.95	97.97	+0.03	98.01	97.95	2042	20957
Mar	98.02	98.04	+0.03	98.08	98.02	1193	18456
Jun	97.97	97.95	+0.02	97.98	97.95	350	6347
Sep	97.75	97.75	+0.02	97.79	97.75	329	3214

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.37	94.36	+0.07	94.40	94.34	632	8459
Mar	94.56	94.49	+0.03	94.56	94.49	670	3859
Jun	94.50	94.48	+0.04	94.52	94.47	39	2456
Sep	94.33	94.32	+0.04	94.34	94.31	112	1651

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
8925	0.41	0.82	1.01	0.24	0.39	0.42
8950	0.27	0.67	0.86	0.35	0.49	0.52
8975	0.17	0.53	0.71	0.50	0.60	0.62

Est. vol. total, Calls 30 Puts 20. Previous day's open int., Calls 12754 Puts 6653

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 30		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.87	16.90	4.862	2.139	5524	5.448	21.51	512.7	421.9	22.93	3.927	2.194	4.706	3.460	351.5	2.648
Denmark	(DKr)	53.01	10	8.956	2.577	1.134	2928	2.888	11.40	271.8	223.6	12.15	2.082	1.163	2.494	1.834	186.3	1.404
France	(FFr)	59.19	11.17	10	2.878	1.266	3270	3.224	12.73	303.5	249.7	13.57	2.324	1.299	2.785	2.048	208.0	1.567
Germany	(DM)	20.57	3.880	3.475	1	0.440	1136	1.120	4.423	105.5	86.78	4.716	0.808	0.451	0.968	0.712	72.29	0.545
Ireland	(I£)	46.75	8.819	7.898	2.273	1	2583	2.547	10.05	239.7	197.2	10.72	1.836	1.026	2.200	1.617	164.3	1.238
Italy	(L)	1.810	0.342	0.306	0.088	0.039	100.	0.099	0.389	9.281	7.637	0.415	0.071	0.040	0.085	0.063	6.362	0.048
Netherlands	(Fl)	18.36	3.463	3.101	0.892	0.393	1014	1	3.948	94.12	77.45	4.209	0.721	0.403	0.864	0.635	64.52	0.486
Norway	(NKr)	46.50	8.773	7.857	2.261	0.995	2569	2.533	10	238.4	196.2	10.66	1.826	1.020	2.188	1.609	163.4	1.231
Portugal	(Es)	19.50	3.680	3.295	0.948	0.417	1077	1.062	4.194	100.	82.28	4.472	0.766	0.428	0.918	0.675	68.55	0.516
Spain	(Pta)	23.70	4.472	4.005	1.152	0.507	1309	1.291	5.097	121.5	100.	5.434	0.931	0.520	1.115	0.820	83.31	0.628
Sweden	(SKr)	43.62	8.229	7.369	2.121	0.933	2410	2.376	9.380	223.6	184.0	10	1.713	0.957	2.053	1.509	153.3	1.155
Switzerland	(SFr)	25.46	4.804	4.302	1.238	0.545	1407	1.387	5.476	130.6	107.4	5.838	1	0.559	1.198	0.881	89.50	0.674
UK	(£)	45.58	8.599	7.701	2.216	0.975	2518	2.483	9.802	233.7	192.3	10.45	1.790	1	2.145	1.577	160.2	1.207
Canada	(C$)	21.25	4.009	3.590	1.033	0.455	1174	1.158	4.570	109.0	89.65	4.872	0.834	0.466	1	0.735	74.69	0.563
US	($)	28.90	5.453	4.883	1.405	0.618	1597	1.575	6.216	148.2	121.9	6.627	1.135	0.634	1.360	1	101.6	0.765
Japan	(Y)	28.45	5.368	4.807	1.383	0.609	1572	1.550	6.119	145.9	120.0	6.523	1.117	0.624	1.339	0.984	100.	0.753
Ecu		37.76	7.124	6.380	1.836	0.808	2086	2.057	8.121	193.6	159.3	8.658	1.483	0.829	1.777	1.307	132.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7114	0.7133	+0.0009	0.7140	0.7084	22,639	53,160
Mar	0.7143	0.7157	-0.0005	0.7161	0.7141	113	3,419
Jun	-	0.7185	-	-	-	4	174

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8825	0.8854	+0.0016	0.8860	0.8786	14,866	34,215
Mar	0.8910	0.8935	+0.0013	0.8940	0.9050	91	1,990
Jun	-	0.9005	-	0.9015	-	9	409

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.9897	0.9919	+0.0022	0.9925	0.9861	17,680	59,675
Mar	1.0035	1.0058	+0.0020	1.0058	1.0000	142	8,176
Jun	1.0150	1.0169	-	1.0169	1.0150	5	378

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5744	1.5746	-0.0014	1.5760	1.5720	6,626	34,828
Mar	1.5710	1.5700	-0.0008	1.5720	1.5700	4	218
Jun	-	1.5684	-	-	-	2	10

UK INTEREST RATES

LONDON MONEY RATES

Oct 30	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 5 1/2	6 5/8 - 6 7/16	6 5/8 - 6 1/2	6 13/16 - 6 11/16	6 13/16 - 6 11/16	6 7/8 - 6 3/4
Sterling CDs	-	-	6 5/8 - 6 17/32	6 11/16 - 6 5/8	6 11/16 - 6 5/8	6 11/16 - 6 5/8
Treasury Bills	-	-	6 19/32 - 6 17/32	6 9/16 - 6 1/2	-	-
Bank Bills	-	-	6 9/16 - 6 1/2	6 9/16 - 6 1/2	6 9/16 - 6 1/2	-
Local authority deps.	6 13/16 - 6 11/16	6 9/16 - 6 7/16	6 11/16 - 6 9/16	6 3/4 - 6 5/8	6 3/4 - 6 11/16	6 3/4 - 6 11/16
Discount Market deps	6 1/2 - 5 3/4	6 9/16 - 6 7/16	-	-	-	-

UK clearing bank base lending rate 6 3/4 per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5 1/4	5 1/4	6	6 1/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc. Ave. tender rate of discount 6.5346pc. ECGD fixed rate Stg. Export Finance. Make up day Oct 31, 1995. Agreed rate for period Nov 26, 1995 to Dec 25, 1995, Schemes II & III 8.07pc. Reference rate for period Sep 30, 1995 to Oct 31, 1995, Schemes IV & V 6.811pc. Finance House Base Rate 7pc from October 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.34	93.34	+0.01	93.37	93.33	8472	84155
Mar	93.46	93.45	+0.02	93.48	93.43	10017	65395
Jun	93.42	93.40	+0.02	93.45	93.38	7172	47515
Sep	93.26	93.24	+0.02	93.29	93.23	4376	36154
Dec	93.05	93.03	+0.04	93.05	93.00	2040	26403

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9325	0.16	0.38	0.50	0.07	0.18	0.35
9350	0.05	0.24	0.36	0.21	0.29	0.46
9375	0.01	0.14	0.25	0.42	0.44	0.60

Est. vol. total, Calls 3445 Puts 2630. Previous day's open int., Calls 138697 Puts 138184

EMS EUROPEAN CURRENCY UNIT RATES

Oct 30	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.09710	+0.0076	-2.56	6.52	19
Belgium	39.3960	38.4829	+0.1235	-2.32	6.26	17
Germany	1.91007	1.87126	+0.00611	-2.03	5.94	20
Austria	13.4383	13.1695	+0.0409	-2.00	5.91	15
Denmark	7.28580	7.25622	+0.00405	-0.41	4.22	3
Spain	162.493	162.287	-0.456	-0.13	3.93	1
Portugal	195.792	197.449	+0.111	0.85	2.92	-6
France	6.40608	6.49839	-0.01965	1.44	2.32	-12
Ireland	0.792214	0.822266	-0.002945	3.79	0.00	-26
NON ERM MEMBERS						
Greece	292.867	308.328	+0.112	5.28	-1.41	-
Italy	2106.15	2122.35	-15.72	0.77	3.00	-
UK	0.786652	0.843142	-0.003911	7.18	-3.16	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
1.540	3.82	4.14	4.58	0.03	0.43	0.92
1.550	2.85	3.36	3.87	0.07	0.62	1.22
1.560	2.00	2.66	3.23	0.19	0.92	1.58
1.570	1.23	2.08	2.66	0.33	1.30	2.00
1.580	0.64	1.61	2.20	0.75	1.53	2.51
1.590	0.28	1.56	1.76	1.38	1.79	3.01

Previous day's vol., Calls 27,528 Puts 7,601. Prev. day's open int., Calls 274,824 Puts 291,536

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.21	94.22	-0.01	94.25	94.22	89,699	383,769
Mar	94.49	94.50	-	94.52	94.46	239,543	405,294
Jun	94.48	94.49	+0.01	94.52	94.48	152,154	283,337

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.84	94.82	-0.01	94.85	94.82	478	11,317
Mar	94.98	94.99	-	95.00	94.98	1,206	5,751
Jun	-	95.00	-	95.00	-	101	350

All Open Interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
9575	0.24	0.25	0.39	0.42	0.01	0.02	0.03	0.06
9600	0.03	0.07	0.19	0.24	0.05	0.09	0.08	0.13
9625	0	0.02	0.06	0.10	0.27	0.29	0.20	0.24

Est. vol. total, Calls 2086 Puts 1409. Previous day's open int., Calls 239501 Puts 225575

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9775	0.25	0.37	0.37	0.03	0.08	0.17
9800	0.08	0.18	0.22	0.11	0.14	0.27
9825	0.03	0.09	0.14	0.31	0.30	0.44

Est. vol. total, Calls 255 Puts 0. Previous day's open int., Calls 5800 Puts 1975

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	●Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	United Bank of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	*Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

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Notice of Early Redemption to holders of

Caisse Nationale des Télécommunications

FF 2,000,000,000

Floating Rate Bonds due 1997

Unconditionally guaranteed by the

Republic of France

NOTICE IS HEREBY GIVEN that in accordance with the Terms and Conditions of the FF 2,000,000,000 Floating Rate Bonds due 1997 of Caisse Nationale des Télécommunications (the "Bonds") issued on 13th December, 1990, all of the outstanding Bonds will be redeemed in full by Caisse Nationale des Télécommunications on the Interest Payment Date falling on 15th December, 1995 at their principal amount outstanding on that date together with interest accrued to the date of redemption, upon presentation and surrender of the Bonds, with all unmatured Coupons attached, at the offices of any of the Paying Agents listed below.
Bonds and Coupons will become void unless presented for payment within four years from 1st January, 1996.

Paying Agents

Bankers Trust Company, 1 Appold Street, Broadgate, London EC2A 2HE

Bankers Trust Luxembourg S.A., P.O. Box 807, 14 Boulevard F.D. Roosevelt, L-2450 Luxembourg

Crédit Commercial de France, 103 Avenue des Champs-Elysées, F-75008 Paris, France

Swiss Bank Corporation, Paradeplatz 6, CH-8010 Zurich, Switzerland

Interest shall cease to accrue on the Bonds from 15th December, 1995.

Bankers Trust Company, London — **Fiscal Agent**
31st October, 1995

SAINT-GOBAIN
ECU 125.000.000,-
Variable Interest Rate
No Fixed Redemption Date

Bondholders are hereby informed that the rate applicable for the twenty-second interest period has been fixed at 6.125 %.
The coupon N°22 will be payable as from April 30th, 1996 at a price of ECU 155.68 representing a period of 183 days running from October 30th, 1995 to April 29th, 1996 (included).

The Fiscal and Reference Agent

CREDIT LYONNAIS

CENTRALE NUCLEAIRE EUROPEENNE A NEUTRONS RAPIDES S.A. - NERSA
FRF 400,000,000
GUARANTEED FLOATING RATE NOTES 1997
ISIN CODE : FR0008818728

For the period October 31, 1995 to January 31, 1996 the new rate has been fixed at 7,1 % P.A.
Next payment date : January 31, 1996
Coupon nr : 27
Amount : FRF 362,89 for the denomination of FRF 20 000
FRF 1 814,44 for the denomination of FRF 100 000

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SUNKYONG INDUSTRIES LIMITED
US$ 50,000,000
FLOATING RATE NOTES DUE 1998

(Redeemable at the option of Noteholders in April 1996 and April 1997 and at the option of the Issuer on any interest payment date falling in or after April 1996.)
In accordance with the provisions of the Notes, notice is hereby given as follows:
* Interest period: October 24,1995 to January 24, 1996
* Interest payment date: January 24, 1996
* Interest rate: 6.3125% per annum
* Coupon amount: US $ 4,032.99 per note of US $ 250,000

Agent Bank
BANQUE INTERNATIONALE A LUXEMBOURG

CREDIT FONCIER DE FRANCE
YEN 15,000,000,000
6.5% 86/96

Pursuant to the Fiscal Agency Agreement dated 29 January 1986 and in accordance with the Terms and Conditions of the Bonds as set out in the Offering Circular dated 27 December 1985, notice is hereby given by CREDIT FONCIER DE FRANCE as Issuer that Banque Nationale de Paris Succursale de Belgique shall cease to act as a Paying Agent in Belgium in the above issue and that Banque Bruxelles Lambert S.A., Avenue Marnix 24, B-1050 Brussels (Belgium) has been appointed as its successor Paying Agent with immediate effect.

This 31 October 1995

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US$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997
Notice is hereby given that the Rate of Interest has been fixed at 6.0625% and that the interest payable on the relevant Interest Payment Date January 31, 1996 against Coupon No. 44 in respect of US$10,000 nominal of the Notes will be US$154.93.

October 31, 1995, London
By: Citibank, N.A. (Issuer Services), Agent Bank — **CITIBANK**

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BANKS, MERCHANT

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

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EXTRACTIVE INDUSTRIES - Cont.

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FOOD PRODUCERS

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GAS DISTRIBUTION

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HEALTH CARE

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HOUSEHOLD GOODS

[illegible]

HOUSEHOLD GOODS - Cont.

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

هكذا من الأصل

هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

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LEISURE & HOTELS - Cont.

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WATER

AIM

AIM - Cont.

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AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	1995 low	Mid Cap£m	Yld Gr's	P/E
Anglo Am Ind		£31$\frac{7}{8}$	...	£34	£29	2,169	2.6	ф
Barlow	♣	£8$\frac{7}{32}$	-$\frac{1}{16}$	£8$\frac{3}{4}$	£4$\frac{7}{8}$	1,609	1.2	29.5
Gold Fds Prop R		145xd	-5	152	118	14.8	7.2	6.6
MK Props		88	—	95	85	3.46	13.6	-
SASOL	♥	531	-8	648	435	3,109	2.6	-
SA Brews		£20$\frac{3}{4}$	-$\frac{1}{4}$	£21$\frac{1}{16}$	£12$\frac{7}{8}$	6,820	1.7	28.4
Standard Bank	☐	£24$\frac{1}{4}$	+$\frac{1}{32}$	£24$\frac{3}{8}$	£20$\frac{1}{16}$	2,904	1.9	17.0
Tiger Oats		1040	+25	1087	700	1,584	1.4	25.1
Tongaat-Hulett	†h	880	+8	880	636	783.8	1.6	25.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

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• Highs and lows marked thus have been adjusted to allow for capital changes
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
ф Figures or report awaited
♥ Rule 2.1(a)(v) Overseas Incorporated companies listed on an approved exchange.
♣ Free annual/interim report available, see details below.
✲ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Rule 4.2(a) Irish incorporated non-listed companies.
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
p Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue.
xr ex rights;
xa ex all;
xd ex capital distribution.

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Jupiter Tyndall (Bermuda) Ltd
PO Box HM1266, Hamilton, Bermuda 001 809 292 2760
Jupiter Tyndall World Umbrella Fund Ltd

Eurobond	[illegible]	15.39	[illegible]	2.77
Money (z)	[illegible]	[illegible]	[illegible]	[illegible]
Mortgage (z)	[illegible]	[illegible]	[illegible]	[illegible]
North American	[illegible]	[illegible]	[illegible]	–
Overseas	517.69	[illegible]	[illegible]	–
Tiger	517.75	18.95	[illegible]	–
UK Small Cos	£1.17	1.24	-0.01	0.00

Newport Investment Management
73 Front street, Hamilton, Bermuda
UK: 0171 336 6096 Dealing: 01481 726268

Orbitex Fund Limited

BERMUDA (REGULATED)(**)

Bermuda Intl Invest Mgmt Ltd

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Apollo Investment Management Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann

CIBC Fund Managers (Guernsey) Ltd

Commercial Union Guernsey

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

هكذا من الأصل

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Selling Price	Buying Price	+ or -	Yield Gross
Clemente Korea Emerging Growth Fund				
NAV Oct 27		$11.66	+0.02	–
Credis Investment Funds				
[illegible]				

	Selling Price	Buying Price	+ or -	Yield Gross
Merrill Lynch Asset Management - Contd.				
Global SmallCap Portfolio				
Class A		$9.50	[illegible]	–
Class B		$9.51	[illegible]	–
Technology Portfolio				
Class A		$13.62	+0.20	–
Class B		$13.57	+0.19	–
Capital Portfolio				
Class A		$10.19	[illegible]	–
Class B		$10.15	[illegible]	–
Monterey Trust SICAV				
NAV		$20.10	...	–
Morgan Stanley Sicav				
[illegible]				
Murray Universal, Sicav				
[illegible]				
NICAM Asia Pacific Umbrella Fund				
[illegible]				

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Equities edge higher in low trading volumes

By Steve Thompson, Markets Editor

London equities struggled to keep pace with the rest of Europe's stock markets yesterday, with the FT-SE 100 index underperforming its French and German counterparts during a session featured by exceptionally low levels of activity.

Nevertheless, the Footsie managed to move back through the 3,500 level lost last week and never really looked like slipping back through what has been the lower end of its recent trading range.

At the close of trading, the Footsie was 12.1 higher at 3,510.0, while the market's second-tier index, the FT-SE Mid 250, delivered a better performance, ending a much more impressive trading session with an 18.2 gain at 3,882.5.

The real disappointment for dealers in London was the dismal level of turnover in the marketplace. Turnover of 445.6m shares at 6pm was one of the lowest levels for many weeks and an indicator, dealers said, that the big institutions had mostly carried out their sectoral shifts and asset allocation moves for the fourth quarter.

"This market has run out of ideas and momentum for the time being," said a senior marketmaker at a leading European securities house. "The clients do not want to deal and those that kept out of the market in its recent run up were proved right by last week's slide," he said.

Other traders described London's showing as very disappointing compared with the rest of Europe. It was suggested that London needs at least one more big bid to get equities going again. There was the usual spate of relatively low quality bid rumours doing the rounds of the market yesterday.

The regional electricity stocks continued to attract more than their fair share of bid speculation, with London Electricity the favourite to attract the attentions of a predator. Rumours yesterday suggested that Thames Water could be about to bid for the group in a regional water/electricity tie-up that would produce big cost savings.

A Thames/London deal would be the second regional link after North West Water's successful bid for Norweb. Other takeover stocks to make progress yesterday included Standard Chartered, the banking group.

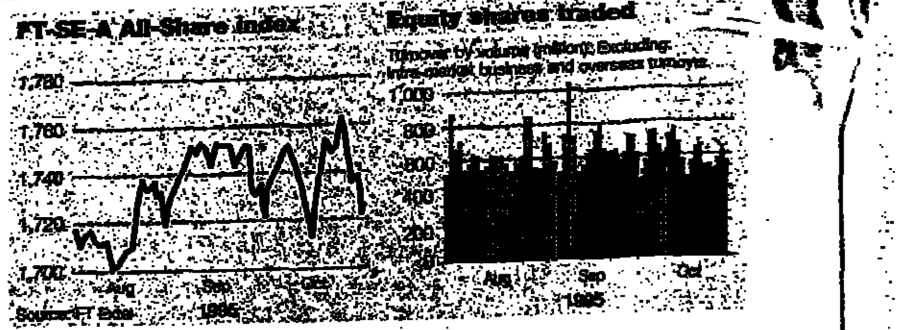
Wall Street's impressive rally late on Friday, when the Dow Jones Industrial Average picked up from an earlier near 30-point decline to end the session a net 39 points higher, ensured a good opening by domestic equities.

Sentiment was additionally boosted by a firm opening by gilts, which drew strength from the gains in US Treasury bonds on Friday.

Up some 14 points at the start, the Footsie accelerated smoothly to post a session's high of 3,519.7, almost 22 points ahead, shortly after trading commenced.

But with genuine institutional buying orders in short supply, the index began to drift back, easing to 3,509.5 just after midday. The market got a second wind early in the afternoon when the Dow rose some 20 points shortly after the opening, but came off again as that market began to show signs of easing.

The best Footsie performances came from Reuters and J. Sainsbury, the latter ahead of interim figures due on Wednesday.



Indices and ratios

FT-SE 100	3510.0	+12.1
FT-SE Mid 250	3882.5	+18.2
FT-SE-A 350	1747.3	+6.5
FT-SE-A All-Share	1726.29	+6.02
FT-SE-A All-Share yield	3.87	(3.89)
FT Ordinary index	2579.4	+13.9
FT-SE-A Non Fins p/e	16.61	(16.55)
FT-SE100 Fut Dec	3524.0	+10.0
10 yr Gilt yield	8.00	(8.05)
Long gilt/equity yld ratio:	2.14	(2.14)

Best performing sectors
1 Life Assurance .... +1.2
2 Retailers, Food .... +1.1
3 Media .... +1.1
4 Telecommunications .... +0.9
5 Bldg. & Construction .... +0.9

Worst performing sectors
1 Textiles & Apparel .... -0.3
2 Tobacco .... -0.3
3 Other Servs.& Business .... -0.2
4 Retailers, General .... -0.2
5 Transport .... -0.1

Buy-back talk at Reuters

Reuters, the news and financial information group, shot forward to top the list of blue chip risers on hopes of a share buy-back.

At a conference call held by the company, one analyst asked Mr Peter Job, the chief executive, about the possibility of a buy-back. Apparently, the traditionally cautious Mr Job shifted from his usual stance of giving a curt no. Instead, he said the company was in talks with the Inland Revenue over a possible tax break.

Were it to happen, the move could be highly lucrative for shareholders. In 1993, Reuters was one of the first big UK companies for many years to use a share repurchase as a way of returning value to shareholders. At that time, before the company held its four-for-one equity split, it bought £350m worth of its own shares at £14 a share.

Although the premium to the prevailing share price was not particularly big, the move represented an opportunity for some income funds. Tax credits made the shares worth as much as £17.25 to tax-exempt gross funds.

An analyst said this tax loophole had now been tightened, but also said the cash balance numbers were again looking positive. In 1993, Reuters had net cash of £800m. Panmure Gordon forecasts that, by the end of next year, the company will have a cash mountain of some £875m.

Although at a high p/e ratio premium to the market, Reuters shares ended the day a net 19 higher at 576p.

London bid talk

Regional electricity group London Electricity jumped 18 to 920p as takeover talk returned to the stock. Dealers used the imminent results from Thames Water as an excuse to revive the old speculation of a link between the two groups.

There is a nagging belief that clearance of the bid by North West Water for Norweb by the Department of Trade and Industry – which is expected by Friday at the latest – will open the way for another round of bids.

Some analysts have also been suggesting that Yorkshire Water could make a move on Yorkshire Electricity, and Severn Trent could make an offer for East Midland. However, few analysts felt there was any serious weight to the stories. The market forecast that Thames will produce profits of £158m to £165m, up around 5 per cent.

Thames was comparatively flat, with a rise of just a penny to 521p. North West Water was similarly dull at 586p and Norweb rose 11 to 1145p.

Sainsbury busy

J. Sainsbury jumped to the upper end of the Footsie performance charts with an advance of 11½ to 423½p. However, City opinion on the flagging foods retailer, which unveils interim results tomorrow, is as polarised as ever.

Williams de Broë, which described the group's loss of focus as unnerving, has the shares as a sell, while NatWest Securities still said hold. NatWest feels that the cost to Sainsbury of regaining a marketing initiative in the sector will be high, and that as a result a "profits downgrade at some stage is inevitable".

In contrast, Société Générale Strauss Turnbull remains a buyer. It expects sub-average sales gains for the six months, but is hoping for a strong declaration of intent from the Sainsbury management, recently bolstered by a new marketing director.

SGST points to the shares' 50 per cent underperformance against sector rival Tesco over the past two years, and looks for strong recovery over the next 24 months. Tesco hardened to 303p. Kwik Save, which puts out its interim statement on Thursday, gained 21 at 700p.

Among general retailers, W.H. Smith, which stood at 484p earlier this year, improved 4 to 379p following news of a top management change. Boots relinquished 5 at 555p ahead of Thursday's interim results.

Shipping and property leader P&O was an active market, rising 5 at one stage on the back of rumours of management changes. The shares, which stood at 637p earlier this year, closed unchanged at 477p.

The group is said to be considering the appointment of a non-executive director following institutional disenchantment with its recent trading performance. The shares, which yield 8 per cent, have also begun to benefit from buying by income funds.

Switch advice was the other transport-related story yesterday, with one leading broker said to be telling clients to move from sea ports to airports via a switch out of Associated British Ports into BAA.

Both stocks are seen as safe-haven transport plays: but in terms of p/e relative BAA was said to be 10 per cent cheaper, hence the switch advice. ABP dipped 4 to 302p and BAA gained 2 at 492p.

Engineering leader GKN continued to edge ahead, racking up a two-day rally of 17, following week-end press reports of imminent corporate activity and reiterated buy recommendations from Merrill Lynch and Kleinwort Benson.

The buzz among analysts was that GKN is increasingly committed to core operations. To this end, the US exhaust and auto parts business was said to be up for sale; and there was plenty of betting that the axle operations in the UK could shortly be the subject of some sort of deal, possibly an asset swap involving a US company. The shares ended 9 better at 806p.

Motor parts engineer T&N, hit hard lately by asbestos liability worries, stayed a nervous market, dipping 4 to 144p in 12m traded as a $185m suit against the group opened in the US courts.

Internationally traded stocks shunted around in reaction to various pieces of switch advice. Shell Transport shed a penny to 727p, while British Petroleum appreciated the same amount to 462p.

Paper group Bunzl rose slightly as it got caught up in the market's favourite sport – bid speculation. There were suggestions that Jefferson Smurfit, the Irish group, might be interested but most analysts felt it unlikely that Smurfit would be able to offer the sort of cash that would satisfy Bunzl. Many believed Bunzl could justly demand an extra £1 a share as the price of losing independence. The stock gained only 3 at 197p, while Smurfit improved 3 to 166p.

International Paper, of the US, was mentioned as a more likely predator but it was possibly only a case of "round up the usual suspects".

Govett & Company, the international fund manager, fell 26 to 253p following disappointing interim results released late on Friday and reports of the loss of a top performing US fund manager. Profits to June fell 38 per cent to $17m after being adversely impacted by litigation publicity and an aborted merger with Duff & Phelps.

Bakyrchik Gold was 30 higher at 183p after the company, which operates a gold mine in the former Soviet republic of Kazakhstan, said it had secured an injection of fresh capital from two mining financiers.

Builder John Mowlem put on 9 at 63p on news of the disposal of the London City Airport for £14.5m, or some 15 per cent of the group's market capitalisation.

MARKET REPORTERS:
Peter John,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Oct 30	Oct 27	Oct 26	Oct 25	Oct 24	Yr ago	*High	*Low
Ordinary Share	2579.4	2565.5	2571.3	2582.4	2582.7	2351.9	2668.5	2238.3
Ord. div. yield	4.12	4.15	4.13	4.10	4.10	4.37	4.73	4.02
P/E ratio net	15.51	15.43	15.57	15.67	15.67	17.48	21.33	15.35
P/E ratio nil	15.32	15.24	15.38	15.48	15.48	18.01	22.21	15.17

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2581.0	2586.7	2583.4	2583.6	2581.0	2581.5	2582.3	2584.3	2582.5	2587.5	2579.4

	Oct 30	Oct 27	Oct 26	Oct 25	Oct 24	Yr ago
SEAQ bargains	24,332	25,499	24,187	26,002	26,726	27,021
Equity turnover (£m)†	-	1696.1	1547.2	1598.4	1397.4	1111.7
Equity bargains†	-	29,782	29,523	30,782	31,670	29,117
Shares traded (ml)†	-	589.0	645.3	582.5	552.6	392.8

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	837	Total Highs	62	Total contracts	25,511
Total Falls	424	Total Lows	66	Calls	6,869
Same	1,620			Puts	18,642

Oct 30 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3538.0	3524.0	+10.0	3543.0	3515.0	8083	64951
Mar	3547.0	3552.0	+9.0	3553.0	3547.0	261	3058
Jun	-	3557.0	+9.0	-	-	0	134

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3900.0	+15.0	-	-	0	3537

■ FT-SE 100 INDEX OPTION (LIFFE) (*3511) £10 per full index point

	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P	3600 C	3600 P	3650 C	3650 P	3700 C	3700 P
Nov	171½	6½	127	11	86	21	50½	37	27½	65½	12	103½	4	151	1½	201
Dec	197½	21½	158½	32½	120	45½	88½	66	61½	90½	38½	120½	24	158	14½	202
Jan	218	35½	181	48½	146½	64	116½	84½	90	108½	68	138	49½	172	35½	210½
Feb	237½	44½	201	57	168	74½	138	94½	110½	118	88	147	66	178½	51	216
Jun†			248	104			187½	141½			137½	189½			95½	250

Calls 2,135 Puts 14,332

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P	3525 C	3525 P	3575 C	3575 P	3625 C	3625 P	3675 C	3675 P
Nov	192½	4½	145½	7½	102	13½	64½	26	36	46½	16½	77½	7	117½	3	163
Dec	217½	20½	174½	26½	138½	37½	101½	52½	72	73	48	98½	29	129	16½	166
Jan	240½	32½	200	41½	163	53½	129½	69½	99½	86½	74	112½	53	141	37	174
Mar	270½	49½			196½	73			133½	107			83½	154½		
Jun†	297	75			238	107			178½	146			128	193		

Calls 927 Puts 1,591 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	32.2	93	92	Abtrust Asian Smlr	92		-	-	-	-
-	F.P.	2.27	33	32	Do Warrants	32½	+½	-	-	-	-
-	F.P.	2.13	9	9	†Arlon Props	9		v-	-	-	-
50	F.P.	14.3	71	50	Consolidated Coal	65		-	-	-	-
-	F.P.	37.4	139	102	†Creos Intl	104	-7	-	-	-	-
-	F.P.	0.56	28	17	German Smt Wts	17		-	-	-	-
-	F.P.	5.70	40	25	Hay & Robertson	38		v-	-	-	-
-	F.P.	11.7	119	112	†Indpt Radio	117		v-	-	-	-
45	F.P.	17.6	61	52	†MultiMedia	61		v-	-	-	-
-	F.P.	18.9	105	100	Murray Vct	103		-	-	-	-
400	F.P.	3.62	400	400	†Preston Nth End	400		v-	-	-	-
-	F.P.	-	½	½	Upton & Sthn Wts	½		-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Oct 27	% chg on day	Oct 26	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	1738.69	-2.4	1781.31	2216.80	2.08	-	2216.89	1637.91
■ Regional Indices								
Africa (16)	2352.96	-1.7	2393.77	3629.98	4.34	20.38	3629.98	2393.77
Australasia (6)	2213.22	-1.2	2240.68	2891.26	2.27	24.54	2891.26	1788.20
North America (12)	1495.04	-3.0	1541.98	1698.06	0.90	42.97	1831.00	1348.18

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FT - SE Actuaries Share Indices — The UK Series

	Oct 30	Day's chge%	Oct 27	Oct 26	Oct 25	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3510.0	+0.3	3497.9	3519.6	3537.8	3097.4	4.03	2.08	14.89	126.53	1392.71
FT-SE Mid 250	3882.5	+0.5	3864.3	3885.3	3906.4	3516.9	3.52	1.84	19.31	121.40	1512.24
FT-SE Mid 250 ex Inv Trusts	3904.5	+0.4	3887.4	3907.3	3927.3	3514.1	3.65	1.90	18.04	126.93	1520.79
FT-SE-A 350	1747.3	+0.4	1740.8	1751.3	1760.5	1551.1	3.92	2.04	15.68	61.11	1417.06
FT-SE-A 350 Higher Yield	1743.5	+0.3	1737.5	1747.3	1755.6	1554.2	4.97	1.82	13.79	77.08	1173.08
FT-SE-A 350 Lower Yield	1755.7	+0.4	1748.7	1759.9	1770.0	1509.6	2.83	2.42	18.28	43.86	1189.02
FT-SE SmallCap	1940.76	+0.1	1939.52	1949.81	1958.17	1780.91	3.35	1.66	22.43	54.47	1562.86
FT-SE SmallCap ex Inv Trusts	1929.43	.....	1929.79	1938.72	1943.89	1749.81	3.57	1.74	20.18	57.29	1561.93
FT-SE-A ALL-SHARE	1726.29	+0.3	1720.27	1730.57	1739.35	1536.31	3.87	2.01	16.04	59.46	1422.92

■ FT-SE Actuaries All-Share

	Oct 30	Day's chge%	Oct 27	Oct 26	Oct 25	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	2854.21	+0.1	2850.05	2884.02	2905.81	2774.56	3.95	2.09	15.16	105.02	1196.24
12 Extractive Industries(7)	4040.38	+0.4	4022.92	4050.99	4086.89	3682.29	3.66	2.51	13.59	143.77	1158.46
15 Oil, Integrated(3)	2839.08	+0.1	2836.83	2875.48	2898.42	2754.70	4.13	2.04	14.84	107.92	1218.27
16 Oil Exploration & Prod(13)	1871.40	+0.2	1868.27	1878.56	1876.90	1903.53	2.88	1.49	31.33	49.88	1110.80
20 GEN INDUSTRIALS(278)	1934.81	+0.2	1930.75	1935.58	1942.65	1855.68	4.26	1.84	15.98	71.11	1032.90
21 Building & Construction(35)	906.27	+0.9	897.95	900.70	906.14	1038.78	4.49	1.94	14.34	37.56	744.59
22 Building Matls & Merchs(31)	1667.64	+0.5	1659.57	1660.49	1673.13	1811.33	4.46	2.02	13.89	65.30	823.70
23 Chemicals(23)	2406.83	+0.2	2401.84	2414.31	2436.86	2296.89	4.00	1.89	16.53	80.65	1113.71
24 Diversified Industrials(20)	1758.47	+0.1	1757.40	1750.54	1745.47	1773.30	5.64	1.57	14.15	87.22	955.51
25 Electronic & Elect Equip(36)	2103.03	+0.4	2095.39	2091.89	2111.26	1847.86	3.56	1.98	17.73	61.51	1071.67
26 Engineering(69)	2125.27	-0.1	2126.51	2138.94	2139.23	1786.81	3.44	1.99	18.23	60.77	1264.16
27 Engineering, Vehicles(13)	2509.44	+0.5	2497.80	2519.68	2530.11	2247.02	3.74	1.17	28.88	92.39	1277.87
28 Paper, Pckg & Printing(27)	2863.24	+0.4	2852.84	2885.09	2903.58	2795.85	3.49	2.49	14.41	87.77	1168.79
29 Textiles & Apparel(21)	1515.67	-0.3	1520.46	1534.59	1543.77	1562.45	4.75	1.79	14.74	52.57	897.03
30 CONSUMER GOODS(91)	3461.92	+0.4	3449.14	3468.46	3486.74	2745.81	3.89	1.82	17.69	119.49	1250.65
31 Breweries(18)	2614.36	+0.4	2604.72	2601.72	2613.31	2269.49	3.81	1.99	16.49	82.79	1222.93
32 Spirits, Wines & Ciders(10)	2882.74	+0.2	2875.87	2899.38	2910.27	2868.73	4.15	1.84	16.35	107.13	1013.69
33 Food Producers(24)	2500.65	+0.8	2480.03	2495.94	2497.43	2284.21	4.05	1.80	17.15	83.82	1101.36
34 Household Goods(11)	2631.81	+0.3	2623.79	2630.38	2662.31	2417.52	3.64	2.20	15.61	98.72	987.27
36 Health Care(17)	1976.25	+0.1	1974.96	1984.83	1988.20	1614.28	2.63	1.83	25.98	48.10	1185.34
37 Pharmaceuticals(10)	4771.74	+0.4	4751.83	4771.36	4810.04	3005.82	3.46	1.70	21.23	153.87	1591.02
38 Tobacco(1)	4434.51	-0.3	4447.21	4506.51	4631.92	3682.81	5.41	1.90	12.20	229.23	1072.84
40 SERVICES(226)	2144.67	+0.5	2133.92	2145.60	2153.28	1902.34	3.11	2.05	19.55	59.74	1094.93
41 Distributors(30)	2683.55	+0.1	2681.95	2685.34	2686.42	2508.51	3.74	1.77	18.93	90.79	965.31
42 Leisure & Hotels(29)	2486.00	+0.6	2470.09	2482.47	2500.20	2043.72	3.23	1.84	21.01	73.67	1273.40
43 Media(43)	3339.76	+1.1	3303.85	3336.48	3349.42	2852.15	2.18	2.40	23.91	77.87	1194.01
44 Retailers, Food(16)	2055.91	+1.1	2032.68	2035.73	2033.71	1694.87	3.50	2.41	14.84	58.55	1278.11
45 Retailers, General(44)	1753.01	-0.2	1755.81	1764.51	1772.27	1632.27	3.34	2.13	17.57	50.38	983.18
48 Support Services(37)	1826.67	+0.6	1815.34	1834.68	1846.04	1502.62	2.50	2.43	20.58	38.97	1145.97
49 Transport(20)	2189.18	-0.1	2190.65	2194.60	2199.85	2252.82	3.98	1.29	24.64	72.68	893.44
51 Other Services & Business(7)	1189.17	-0.2	1191.48	1206.58	1207.77	1234.56	4.35	1.40	20.44	38.30	1064.64
60 UTILITIES(36)	2480.38	+0.5	2468.22	2489.19	2502.97	2452.85	4.80	2.01	13.55	95.19	1013.16
62 Electricity(14)	2802.98	+0.2	2797.54	2803.71	2806.89	2552.28	3.97	2.92	10.78	116.18	1247.20
64 Gas Distribution(2)	1592.43	.....	1592.43	1609.54	1577.54	1938.26	7.52	0.65	25.61	119.82	798.94
66 Telecommunications(7)	2051.65	+0.9	2032.56	2055.24	2087.65	2069.57	4.00	1.71	18.30	51.48	912.53
68 Water(13)	2061.26	+0.1	2059.17	2083.29	2088.23	1915.80	5.56	2.74	8.19	85.07	1095.56
69 NON-FINANCIALS(654)	1833.25	+0.4	1826.63	1837.52	1846.22	1658.89	3.89	1.93	16.61	62.79	1367.31
70 FINANCIALS(113)	2698.09	+0.2	2691.75	2707.08	2723.61	2184.60	4.13	2.45	12.37	103.73	1126.62
71 Banks, Retail(9)	3751.86	.....	3752.83	3779.52	3826.12	2877.32	3.88	2.81	11.46	140.81	1183.37
72 Banks, Merchant(6)	3524.02	+0.4	3508.98	3583.97	3612.58	2722.88	2.83	2.74	17.33	91.76	1100.66
73 Insurance(25)	1378.75	+0.7	1369.62	1370.85	1370.91	1257.01	5.35	2.69	8.70	72.25	1009.53
74 Life Assurance(6)	3222.72	+1.2	3184.69	3207.72	3140.80	2398.97	4.33	1.53	18.82	138.72	1312.94
77 Other Financial(22)	2392.27	+0.3	2384.00	2385.03	2392.06	1833.61	3.69	1.94	17.42	82.49	1332.66
79 Property(45)	1345.83	+0.1	1344.09	1348.41	1352.98	1442.72	4.60	1.33	20.36	46.43	808.58
80 INVESTMENT TRUSTS(133)	2886.26	+0.6	2868.06	2880.89	2913.10	2738.77	2.27	1.07	51.32	55.23	994.93
89 FT-SE-A ALL-SHARE(900)	1726.29	+0.3	1720.27	1730.57	1739.35	1536.31	3.87	2.01	16.04	59.46	1422.92
FT-SE-A Fledgling	1074.63	+0.1	1074.06	1078.56	1080.66	-	2.84	1.27	34.58	28.57	1105.39
FT-SE-A Fledgling ex Inv Trusts	1075.39	.....	1075.16	1079.16	1081.17	-	2.97	1.33	31.59	27.51	1105.25

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3512.3	3517.2	3511.6	3513.2	3509.8	3510.0	3511.6	3515.8	3511.1	3519.7	3509.5
FT-SE Mid 250	3872.7	3876.1	3877.6	3879.1	3880.4	3879.8	3880.1	3881.9	3882.2	3883.3	3872.7
FT-SE-A 350	1747.2	1749.5	1747.4	1748.2	1747.0	1747.0	1747.8	1749.5	1747.7	1750.4	1746.9

Time of FT-SE 100 Day's high: 8.42am Day's low: 12.19pm. FT-SE 100 1994 High: 3593.0(18/10) Low: 2954.2 (23/1).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	892.5	893.0	893.3	897.4	896.9	896.9	897.4	898.0	900.2	900.2	889.6	+10.6
Pharmaceuticls	4726.6	4725.9	4725.2	4727.0	4722.3	4720.3	4723.7	4730.9	4720.1	4718.3	4698.4	+19.9
Water	2059.0	2058.3	2058.9	2058.8	2058.0	2058.0	2057.8	2057.3	2057.0	2056.3	2054.2	+2.1
Banks, Retail	3809.6	3804.2	3797.6	3799.2	3787.8	3786.4	3788.4	3801.4	3798.5	3799.8	3800.7	-0.9

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL. The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1995. © The Financial Times Limited 1995. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	95	406	+2
ASDA Group†	8,800	102¾	+¼
Abbey National†	824	532	-2
Albert Fisher	431	51	+2
Allied Domecq†	797	509	-1
Anglian Water	653	559	+3
Argos	31	505	+1
Argyll Group†	1,600	323	-1
Arjo Wiggins†	632	235	+2
Assoc. Brit. Foods†	63	695	+4
Assoc. Brit. Ports	284	302	-4
BAA†	2,300	492	+2
BAT Inds.†	2,000	524	-1
BET	2,000	125½	+3½
BICC	1,200	283	+3
BOC†	730	862	+6
BP†	2,400	462	+1
BPB Inds.	1,100	261	+5
BSkyB†	2,300	373	+9
BT†	7,100	373	+5
BTR†	8,200	333½	+4½
Bank of Scotland†	255	249	-2
Barclays†	2,100	735	-2
Bass†	645	650	+3
Blue Circle†	890	298	+6
Booker	841	379	+11
Boots†	2,600	555	-5
Brit. Aerospace†	1,000	709	+2
British Airways†	861	455	-2
British Gas†	3,400	239	
British Land	589	358	
British Steel†	3,000	161½	-2
Bunzl	643	197	+3
Burmah Castrol†	133	984	+1
Burton	1,700	101½	-½
Cable & Wire†	690	410½	+½
Cadbury Schweppes†	2,600	523	+3
Caradon	1,100	197	+1
Carlton Comms.†	144	949	+1
Coats Viyella	1,200	188	-1
Comm. Union†	2,200	610	+3
Compass	2,700	490	-2
Cookson†	408	293	+1
Courtaulds†	713	398	+3
Dalgety	311	426	+9
Danka	29	516	+2
De La Rue†	55	892	
Dixons	108	383	+1
East Midland Elect.	49	870	+6
Electrocomps	469	317	+8
Eng China Clays	1,000	346	+14
Enterprise Oil†	142	333	
Eurotunnel Units	410	98	+3
FKI	1,400	161	+½
Fisons	24	264	
Foreign & Col. I.T.	343	147½	+2
Forte†	214	246	+3
Gen. Accident†	568	640	+5
General Elect.†	2,400	317	+1
Glaxo Wellcome†	1,800	853	+7
Glynwed	12	340	+1
Granada†	868	675	+5
Grand Met.†	2,700	435	+3
GUS†	976	560	
GRE†	1,000	233	
GKN†	514	806	+9
Guinness†	1,800	502	+2
HSBC (75p shs)†	776	926	+1
Hammerson	182	325	+3
Hanson†	5,600	194	-2¾
Harrisons Crosfield	665	147	
Hays	256	366	+¼
Hillsdown	2,000	168	+2
IMI	257	330	+3
ICI†	782	773	-1
Inchcape†	617	311	+1
Johnson Matthey	43	600	+2
Kingfisher†	1,900	472	+2
Kwik Save	785	700	+21
Ladbroke†	1,600	163	+1
Land Securities†	294	574	
Laporte	119	832	+5
Legal & General†	1,300	670	+6
Lloyds Abbey	157	460	+2
Lloyds Bank†	1,300	772	+3
LASMO†	3,500	153½	+½
London Elect.†	545	920	+18
Lonrho	2,000	156	-2½
Lucas	473	187	+2
MEPC	188	388	+1
MFI	1,400	140	
Marks & Spencer†	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of alpha securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 Index constituent. All trades are rounded.

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TORONTO (Oct 30 / Can $)

3:30 pm

INDICES

	Oct 30	Oct 27	Oct 26	1995 High		1995 Low	
Argentina							
General (29/12/77)	(u)	13035.13	12735.59	16531.16	2/1	9831.99	9/3
Australia							
All Ordinaries(1/1/80)	2067.5	2067.4	2088.4	2166.00	18/9	1823.30	8/2
All Mining(1/1/80)	935.9	936.3	943.0	1029.50	7/8	795.30	8/2
Austria							
Credit Aktien(30/12/84)	330.44	328.50	(c)	395.42	2/1	328.50	27/10
Traded Index(2/1/91)	898.46	891.09	(c)	1056.31	2/1	882.15	23/10
Belgium							
BEL20 (1/1/91)	1422.72	1415.12	1423.74	1491.39	2/6	1271.58	9/3
Brazil							
Bovespa (29/12/83)	(u)	41406.0	40603.0	49612.00	19/9	4531.80	8/9
Canada							
Metals Minls♦(1975)	(u)	4630.99	4568.35	5252.77	21/8	3808.83	1/3
Composite♦ (1975)	(u)	4335.30	4314.20	4710.30	12/7	3981.41	30/1
Portfolio$$ (4/1/83)	(u)	2144.37	2127.45	2307.81	12/7	1953.38	30/1
Chile							
IGPA Gen♥(31/12/80)	(u)	5993.8	5901.1	6363.10	11/7	4576.90	9/3
Denmark							
CopenhagenSE(3/1/83)	357.08	355.71	358.21	375.44	25/8	330.01	29/3
Finland							
HEX General(28/12/90)	1934.74	1898.04	1916.45	2332.22	14/9	1555.30	29/3
France							
SBF 250 (31/12/90)	1190.83	1164.80	1172.22	1322.38	12/5	1154.41	13/3
CAC 40(31/12/87)	1795.34	1742.38	1754.12	2017.27	12/5	1721.14	23/10
Germany							
FAZ Aktien(31/12/58)	777.82	765.61	776.80	846.78	19/9	708.87	30/3
Commerzbank(1/12/53)	2248.0	2213.4	2247.8	2427.80	19/9	2018.70	30/3
DAX (30/12/87)‡	2146.11	2096.08	2131.84	2317.01	15/9	1910.96	28/3
Greece							
Athens SE(31/12/80)	931.95	937.53	937.99	992.59	4/8	787.15	16/3
Hong Kong							
Hang Seng(31/7/64)	9872.39	9680.75	9774.48	10032.93	17/10	6967.93	23/1
India							
BSE Sens.♥(1979)	3419.45	3444.12	3408.67	3932.89	2/1	3015.87	2/5
Indonesia							
Jakarta Comp.(10/8/82)	490.81	494.47	497.15	519.18	11/8	414.21	19/4
Ireland							
ISEQ Overall(4/1/88)	(c)	2081.55	2096.16	2170.73	15/9	1813.59	23/1
Italy							
Banca Comm Ital (1972)	580.40	578.68	579.73	680.54	10/2	556.09	23/10
MIB General (2/1/86)	917.0	914.0	918.0	1076.00	10/2	877.00	23/10
Japan							
Nikkei 225 (16/5/49)	17509.17	17337.19	17726.68	19684.04	4/1	14485.41	3/7
Nikkei 300 (1/10/82)	261.89	259.53	265.17	286.16	4/1	222.28	13/6
Topix (4/1/68)	1396.36	1388.43	1415.04	1559.40	4/1	1193.16	13/6
2nd Section (4/1/68)	1858.01	1859.45	1869.47	2130.68	4/1	1441.90	13/6
Malaysia							
KLSE Comp.(4/4/86)	954.77	962.64	966.68	1085.04	5/6	840.87	24/1
Mexico							
IPC (Nov 1978)	(u)	2245.92	2120.42	2622.21	8/9	1447.52	27/2
Netherland							
CBS TtlRtnGen(End 83)	489.2	485.4	489.9	511.80	19/9	422.80	23/3
CBS All Shr (End 83)	296.5	294.2	296.9	311.10	15/9	265.20	23/3
New Zealand							
Cap. 40 (1/7/86)	2186.11	2177.68	2187.24	2208.02	20/10	1901.42	5/1
Norway							
Oslo SE(Ind)(2/1/83)	1212.38	1211.03	1223.52	1292.16	18/10	1036.00	10/3
Philippines							
Manila Comp (2/1/85)	2470.82	2512.34	2542.33†	2958.12	10/7	2249.39	27/3
Portugal							
BTA (1977)	2571.9	2573.0	2582.1	2911.80	9/1	2565.50	25/10
Singapore							
SES All-S'pore(2/4/75)	510.09	513.23†	509.94	535.06	5/1	472.90	23/1
South Africa							
JSE Gold (28/9/78)	1250.2♥	1279.6	1305.6	2023.00	2/1	1250.20	30/10
JSE Ind. (28/9/78)	7482.1♥	7456.1	7523.3	7598.20	26/10	6222.00	31/1
South Korea							
KoreaCmpEx(4/1/80)**	982.87	1001.37	1001.15	1027.37	2/1	847.09	27/5
Spain							
Madrid SE (30/12/85)	294.50	291.62	292.99	318.98	13/9	293.30	28/6
Sweden							
AffarsvardnGen (1/2/37)	1723.2	1687.8	1706.1	1872.10	19/9	1439.80	29/3
Switzerland							
Swiss Bk Ind (31/12/58)	1406.26	1393.45	1414.99	1437.89	18/10	1174.63	13/3
SBC General (1/4/87)	1056.01	1046.93	1062.93	1079.82	18/10	870.58	13/3
Taiwan							
WeightedPr.(30/6/66)**	4817.04	4936.77	4990.57	7051.49	5/1	4503.37	14/8
Thailand							
Bangkok SET (30/4/75)	1273.53	1271.41	1270.14	1472.04	10/7	1135.89	18/3
Turkey							
Istanbul Cmp.(Jan 1986)	46531.1	47145.8	47601.8	54853.90	21/4	24844.31	23/1
WORLD							
MS Capital Int (1/1/70)$	699.1*	694.8	697.8	703.80	29/9	595.21	23/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1387.73	1363.93	1374.41	1480.89	15/9	1222.41	13/3
Euro Top-100 (26/6/90)	1256.47	1239.68	1253.26	1316.88	15/9	1117.34	9/3
JCapeEngns (31/12/88)	(u)	329.51	331.20	349.47	14/7	282.07	23/1
Barings Emerg.(7/1/92)	141.20	140.55	143.45	150.07	2/1	117.15	10/3

** Sat Oct 28: Taiwan Weighted Price 4897.45; Korea Comp Ex 992.05. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Oct 30 - 2148.71 +37.70.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Oct	1769.0	1800.0	+57.5	1802.0	1769.0	40,655	17,807
Nov	1776.0	1808.5	+57.0	1811.0	1775.0	22,799	17,583
DAX							
Dec	2153.0	2161.0	+39.0	2165.0	2149.5	22,794	-
Mar	2173.5	2181.0	+39.0	2181.0	2173.5	129	-
OMX							
Oct	1350.00	1375.00	+35.00	1377.00	1350.00	4,591	14,717
Nov	1374.75	1374.00	+30.00	1377.50	1374.00	50	30
SOFFEX							
Oct	3055.0	3066.0	+33.0	3066.0	3053.5	5,883	15,867
Nov	3062.0	3069.0	+21.0	3062.0	3057.0	29	1,661

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Oct 27	Oct 26	Oct 25	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4741.75	4703.82	4753.68	4802.45 (19/10)	3832.08 (30/1)	4802.45 (19/10/95)	41.22 (2/7/32)
Home Bonds	103.60	103.78	103.90	104.04 (16/10)	93.63 (3/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1904.24	1905.27	1926.49	2000.39 (18/9)	1473.19 (3/1)	2000.39 (18/9/95)	12.32 (8/7/32)
Utilities	215.99	217.37	219.09	219.09 (25/10)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4786.88 (4777.86) Low 4653.24 (4665.05) (Theoretical♣)
Day's high 4742.48 (4755.48) Low 4676.00 (4667.69) (Actual♣)

Standard and Poors	Oct 27	Oct 26	Oct 25	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	579.70	576.72	582.47	590.65 (19/10)	459.11 (3/1)	590.65 (19/10/95)	4.40 (1/6/32)
Industrials♥	680.79	677.76	684.16	691.54 (19/10)	546.28 (3/1)	691.54 (19/10/95)	3.62 (21/6/32)
Financial	57.96	56.99	57.66	61.39 (18/10)	41.64 (3/1)	61.39 (18/10/95)	8.64 (1/10/74)
NYSE Comp.	308.63	307.56	310.71	315.39 (19/10)	250.73 (3/1)	315.39 (19/10/95)	4.46 (25/4/42)
Amex Mkt Val	514.40	515.97	522.26	553.58 (12/9)	433.12 (6/1)	553.58 (12/9/95)	29.31 (9/12/72)
NASDAQ Comp	1025.55	1017.57	1026.47	1067.40 (13/9)	743.58 (3/1)	1067.40 (13/9/95)	54.87 (31/10/72)

RATIOS

	Oct 27	Oct 20	Oct 13	Year ago
Dow Jones Ind. Div. Yield	2.46	2.42	2.42	2.70
	Oct 25	Oct 18	Oct 11	Year ago
S & P Ind. Div. yield	2.08	2.10	2.09	2.39
S & P Ind. P/E ratio	17.85	17.68	17.74	20.82

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Micron	5,359,000	69¼	-½
Telefonos	4,564,800	27⅝	+⅜
Citicorp	3,422,900	64⅞	+½
Merck	2,950,400	58⅞	-1⅞
Brwng Ferris	2,505,200	28¼	+¼
Chase Man	2,503,000	58⅜	+2⅛
Wal-Mart	2,398,700	22⅛	+⅜
Texas Insts	2,277,700	67¾	+⅝
IBM	2,211,400	96⅝	+⅝
Chemical Bk	2,190,700	58⅝	+2¼

TRADING ACTIVITY

● Volume (million)	Oct 27	Oct 26	Oct 25
New York SE	378.808	464.183	433.577
Amex	16.317	17.543	19.525
NASDAQ	449.293	498.887	465.833
NYSE			
Issues Traded	3,002	3,055	3,044
Rises	1,128	633	805
Falls	1,067	1,702	1,524
Unchanged	807	720	715
New Highs	24	71	123
New Lows	89	111	72

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Dec	583.35	585.60	+2.10	585.90	583.30	95,059	198,243
Mar	589.65	590.45	+2.25	590.55	589.00	179	10,690

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Nikkei 225							
Dec	17380.0	17550.0	+180.0	17580.0	17360.0	16,124	154,676
Mar	17410.0	17500.0	+50.0	17500.0	17410.0	3	7,151

Open interest figures for previous day.

TOKYO - MOST ACTIVE STOCKS: Monday, October 30, 1995

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Elec	5.4m	745	-10	Krosaki Corp	2.7m	610	+100
Nippon Steel	3.0m	336	+2	Komatsu Zenoah	2.7m	800	-25
Mitsubishi Hvy	3.0m	778		NKK	2.7m	248	
Toyo Sugar	3.0m	475	+80	Toshiba	2.5m	734	+1
Nitto Chem	3.0m	1370	+100	Ohko Corp	2.2m	750	+79

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3.30 pm October 30

1995 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19	12⅛	AAR x	0.48	2.7	24	94	17⅝	17½	17⅝	-⅛
46¼	35	AMP	0.92	2.3	20	5740	39½	38⅝	39⅜	+⅝
80¼	53⅜	AMR			15	4254	66⅜	65½	65¾	+½
47⅞	36½	ASA	1.71	4.6	24	702	37¼	d36⅞	37	+½
44¾	30¼	AbbtL	0.84	2.1	19	6937	39⅝	39⅛	39⅜	
16⅞	12	Abitibi Pr	0.40	2.4	8	1607	16⅝	16	16⅜	+⅜
27⅞	21	ABM Ind	0.60	2.3	14	z100	26½	26½	26½	+⅛
17½	13½	Acptncein			10	99	14⅞	14¾	14⅞	+⅛
35⅞	21⅞	ACE Ltd	0.56	1.7	8	2872	33⅞	33	33⅝	+⅝
9⅞	8⅛	ACM Gvt In	0.90	9.5	8	254	9½	9⅜	9½	
7¾	6½	ACM GvOpp	0.66	8.9		136	7⅜	7¼	7⅜	
7½	5¾	ACM Gvt Sp	0.75	10.7		1275	7⅛	6⅞	7	+⅛
8¾	7¼	ACM Gvt Sa	0.90	10.4		305	u8¾	8⅝	8⅝	
9½	7⅝	ACM Man	0.90	10.3		117	8⅞	8¾	8¾	
29¼	10¼	AcmeCv	0.48	2.2	10	178	22¼	21	22⅛	+1⅝
38⅞	8¼	Acme Elect			75	74	9	8⅞	9	
34½	23¾	Acordia	0.72	2.7	14	49	27¼	26⅞	27⅛	+½
19½	8⅝	Acteva	0.36	2.0	13	300	18	17⅝	17⅞	+⅛
16¾	10⅛	Acuson			37	221	12	11¾	12	+½
18⅞	15⅝	Adams Expr	0.48	2.6	0	55	18½	18⅜	18⅜	
38⅞	23¾	AdvMic			7	11910	24⅝	d23⅝	24⅛	-⅜
9½	5	Advest Grp	0.16	1.8	16	33	9¼	9⅛	9⅛	+⅛
25¾	16½	Advo Inc	0.10	0.4	19	15	25½	25⅜	25½	+⅛
38½	24 80	Aegon	1.28	3.4	20	47	37⅝	37⅛	37½	+⅛
5⅞	3⅜	Aerflx			8	40	4¾	4½	4⅝	-⅛
75½	46¾	AetnaL x	2.76	4.0	50	4318	69⅞	69½	69¾	+⅝
44⅞	31⅞	Aflac	0.52	1.2	12	2046	42⅛	41½	42	+¼
28⅜	16	Ahmnsn	0.88	3.5	15	2232	25⅛	24¾	24⅞	-¼
59½	43⅞	AirPrC	1.04	2.0	15	2248	52⅞	52⅛	52½	+⅝
26¾	16⅜	Airbne Frt	0.30	1.1	25	1106	u26¾	26	26¼	-½
30	19⅝	Airgas Inc			25	1587	26½	26⅛	26½	+1
18	13½	Airlease	2.00	11.9	12	27	16¾	16⅝	16¾	
35⅝	24	AirTch			115	5038	29	28⅝	28¾	+⅛
21⅜	13½	Alaska Air	0.20	1.4	15	1546	14⅜	14⅛	14⅜	+⅜
26½	17½	Albany Int	0.40	1.9	15	725	20⅞	20¾	20⅞	+⅛
19¼	12¼	Albrnrt	0.22	1.2	33	785	18⅞	18½	18⅞	+⅛
32½	25⅞	AlbCulB	0.32	1.0	16	65	31	30½	30⅞	+⅜
29	23	AlCulvr A	0.32	1.2	20	28	26¾	26⅜	26¾	+¼
34⅝	27¼	Albtsn	0.52	1.5	19	2219	34⅜	33¾	34¼	+⅝
36⅝	23⅞	AlcnAl	0.60	1.9	13	1947	31	30⅛	30⅞	+⅞
90½	61⅞	AluSt	1.04	1.2	49	788	88⅝	88⅜	88⅞	+¾
60¾	29½	AlexBrown x	0.80	1.7	8	750	48¼	46⅞	48¼	+1⅜
26⅛	18½	AlexAl	0.10	0.4	19	157	23¼	22⅞	23⅛	+¼
23	17	Allegh Lud	0.46	2.8	10	2143	17⅜	17⅛	17⅛	-¼
27	21½	AllegP	1.64	6.2	14	135	26⅞	26⅝	26⅝	-¼
29⅜	21¼	Allen Con	0.20	0.8	21	1035	25¾	24½	24⅞	-⅛
33⅞	25¾	Allergan	0.48	1.6	26	460	30	29⅝	29⅞	+⅛

1995 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12½	10¾	Nuveen M I	0.78	6.8		5	11¼	11⅛	[illegible]	
15½	13¾	Nuveen M O	1.08	7.1		123	15⅝	15	15⅛	
11⅛	9⅞	Nuveen N M	0.67	6.2		47	10⅞	10¾	10⅞	
17⅛	14⅜	Nuveen N P	1.13	6.6		54	17	16⅞	17	+⅛
15¾	13	Nuveen P P	1.08	7.1		106	15⅛	15	15⅛	
15¼	13	Nuveen P I	1.02	7.1		189	14⅜	14¼	14⅜	
18⅞	15⅜	Nymagic	0.40	2.5	11	6	16¼	16⅛	16⅛	
48¾	35⅞	Nynex	2.36	4.9	19	3413	48	46⅞	48	+1¼

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1995 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14¾	6¾	O H M Crp			13	187	8½	8⅛	8⅛	-¼
32	20½	Oak Inds			10	453	21⅛	20⅞	21	
36⅞	21⅝	Oakwood Hm	0.08	0.2	20	25	36⅝	36⅜	36½	
24⅜	18	OccidP	1.00	4.6	15	2617	21¾	21¼	21⅝	+⅜
32⅛	21	OfficeDepot			34	6667	29⅛	28	29	+1⅛
24½	18¾	Ogden	1.25	5.4	13	304	23⅛	22⅞	23⅛	+⅛
23½	18½	OhioEd	1.50	6.8	11	459	22¾	22⅝	22¾	+⅛
63½	47½	OhioE54.4	4.40	7.1		210	62	62	62	
61¼	49	OhioE4.56	4.56	7.6		3	60	60	60	
102⅛	75½	OhioE7.24	7.24	7.1		z60	u102⅛	102⅛	102⅛	
102½	76	OhioE7.36	7.36	7.2		9	102⅜	102⅛	102⅛	
40⅛	32⅝	Oklah G&E	2.66	6.7	14	453	40	39¾	39⅞	-⅛
72¾	48⅜	OlinCp	2.40	3.7	11	306	64¾	64¼	64½	
42¼	28¼	Olsten	0.32	0.8	20	554	38⅞	38⅛	38⅞	+⅜
39	20½	Omnicare	0.10	0.3	42	1567	35⅞	35⅛	35⅞	+⅞
66¾	49⅞	Omnicm	1.40	2.2	18	598	64	63⅜	64	+⅞
16⅞	12⅞	Oneida Ltd	0.48	2.9	10	55	16½	16½	16½	
24½	17⅛	Oneok x	1.12	4.6	15	368	24⅜	24⅛	24⅜	+⅜
28	19¾	Oppenh Cap x	2.20	8.2	12	225	26⅞	26¼	26¾	-⅛
10	8¼	Oppenh M S	0.94	9.6		119	9⅞	9¾	9¾	-⅛
7⅝	6½	Oppenh Mul	0.62	8.9		61	7	7	7	+⅛
7⅞	5⅜	Orange Co			8	2	7½	7⅜	7½	+⅛
36½	30⅞	Orange Rck	2.58	7.3	14	43	35¼	35	35¼	+⅛
19¾	14⅞	Oregon Stl	0.56	3.7	19	41	15⅛	15	15	
45¼	34¼	Orion Cap	0.92	2.3	9	119	41¼	40⅞	40⅞	-¼
14¾	9⅞	OryxEn	0.40	3.5	7	1719	11⅜	11⅛	11⅜	+¼
22⅞	16	Outbd M	0.40	1.9	7	480	21⅛	20½	21	+¼
23⅞	17¼	Ov'sSh x	0.60	3.5	38	390	17¼	d17⅛	17⅛	-¼
14⅞	11⅝	OwensM	0.18	1.5	593	658	12	11⅞	11⅞	
47⅛	30¼	OwensC			9	1705	42½	41⅞	42½	+1⅛
22	16	Oxford Ind	0.80	4.8	23	67	16⅝	16⅜	16½	

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3:30 pm October 30

NYSE COMPOSITE PRICES

1995 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		Continued from previous page								
25¾	20½	Scana Corp	1.44	5.7	18	2452	25½	25⅛	25⅜	
18	14½	Scecrp	1.00	5.9	10	2652	17⅛	17	17	
11¼	8⅜	SchawkA x	0.28	4.1	11	124	6⅝	d6⅛	6⅜	-¼
50¼	37¼	SchererRP			23	1458	46⅛	45⅜	45⅜	-⅛
55⅝	35½	SchrPl	1.16	2.2	19	4506	54⅜	53⅝	53⅞	-⅛
68⅝	50⅛	Schlmb	1.50	2.4	23	6946	61⅞	60	61¼	+1¼
29	11¼	Schwab(C)	0.16	0.7	25	1561	24¼	23¾	23¾	-⅛
24⅞	11⅜	SciAtl	0.06	0.5	15	3283	12⅝	12⅜	12⅝	+½
20	15⅛	Scotman	0.10	0.6	10	16	16⅜	16⅛	16⅜	
54⅛	33½	ScottP	0.40	0.8	15	2283	53⅝	52½	52⅞	-⅝
36¼	26⅞	ScrippsE	0.52	1.4	25	4920	u37⅝	36½	36⅞	+2⅞
21½	14¼	ScuddrNAsF	0.02	0.1		110	14½	d14¼	14¼	
11⅜	8⅝	ScuddrNEsF x	0.16	1.5		1251	10½	10⅜	10⅜	
20	13⅞	SeaCnB	0.70	3.9	1	2	17⅞	17⅞	17⅞	
16¼	14⅝	SeaC1.4625	1.46	9.2		4	15⅞	15⅞	15⅞	-⅛
49⅜	23⅝	S'gate			9	6968	46¾	45⅝	46½	+¼
38⅛	25⅜	Seagrm	0.60	1.7	24	1816	35¼	34⅞	35¼	+½
22½	15¼	Seagull En			57	1654	17⅜	17	17¼	+¼
28¼	18	Sealed Air			22	731	25½	24¾	25⅛	+⅛
37⅝	30⅜	SearsR	0.92	2.7	8	3830	34⅝	34	34⅝	+½
19¼	16⅜	SecCapSBI x	1.15	6.4	21	626	18	17⅞	18	+⅛
12⅜	10⅜	Seligm Sel x	0.84	6.9		42	12¼	12⅛	12⅛	+⅛
38¼	20	Sequomat	0.22	1.1	20	6715	21¼	20½	20¾	+¼
31¾	21⅞	SequaA	0.60	2.3	7	27	25⅝	25⅜	25⅝	+⅛
35⅛	23	SequaB	0.50	1.6	17	30	32	31¾	32	+⅜
40⅞	26¼	ServCp	0.44	1.1	23	1169	39⅞	39¼	39⅞	+½
28⅞	21½	SvMstr x	0.96	3.4	13	758	28½	28	28½	+⅛
[illegible]										
4½	2½	Zapata	0.14	3.6	8	52	3⅞	3⅞	3⅞	
12⅛	6⅞	ZnthEl			5	45	8½	8⅜	8⅜	-⅛
24⅝	19⅜	Zenith Nat x	1.00	4.3	12	305	23	23	23	
6⅞	6⅛	Zenix Inc x	0.72	10.9		58	6⅝	6½	6⅝	
16⅞	12⅝	Zero	0.44	2.9	15	124	15¼	15⅛	15⅛	
38	16⅞	Zurn Ind	0.40	1.6	22	190	25	24¾	24⅞	+⅛
11½	10¼	Zweig Fund	1.12	10.3		133	11	10⅞	10⅞	-⅛
9	7⅞	Zweig Tot	0.84	9.6		244	8¾	8½	8¾	+⅛

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

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NASDAQ NATIONAL MARKET

3:30 pm October 30

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AMEX COMPOSITE PRICES

3:30 pm October 30

[illegible]

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AMERICA

US technology stocks recover lost ground

Wall Street

US shares continued to reverse some of last week's losses in early trading yesterday, led by technology issues, which recovered their footing after sliding for most of last week, *writes Lisa Bransten in New York*.

By 1pm the Dow Jones Industrial Average was up 16.26 to 4,758.01. The Standard & Poor's 500 added 3.09 at 582.79 and the American Stock Exchange composite moved ahead 1.42 to 515.82. Trading volume on the New York SE came to 137m shares.

On Friday, the market fell in morning trading, only to reverse course and close higher.

Yesterday, technology shares managed to carry over Friday's momentum, while financial stocks mostly dropped.

The technology-rich Nasdaq composite added 11.47 points at 1,037.02 and the Pacific Stock Exchange technology index was 1.9 per cent higher.

IBM, the only pure technology company in the Dow, was $1⅞ stronger at $98¼, Microsoft advanced $1⅜ to $101⅝, Intel gained $2½ at $70¼, Broderbund Software climbed $3 to $71¼ and Adobe Systems was ahead $3½ at $57¾.

Meanwhile, NationsBank reversed Friday's $2⅞ gain and slipped $1¼ to $66¼, J.P. Morgan gave back $1⅜ of the $1⅞ it gained on Friday, bringing the shares to $77, and Chemical Banking shed $1⅞ to $56½.

Merger and acquisition activity moved several shares yesterday.

CBI Industries soared $10¾ or 53 per cent to $30⅝ after Praxair approached the company about a potential takeover bid at $32 a share. Praxair shares were off $⅝ at $26¼ on the news.

E.W. Scripps climbed $2¾ to $36¾ after Comcast said that it would buy Scripps' cable systems for $1.58bn in stock. Shares in Comcast slipped $1/16 to $17 15/16.

Canada

Toronto was on hold awaiting the outcome of the Quebec independence referendum, and by noon the TSE-300 Composite index was 3.84 easier at 4,331.45, with the latest polls showing that the result was too close to call.

A C$1⅛ jump in Alcan Aluminium to C$41⅞ took many analysts by surprise on the view that Quebec stocks had most to loose from a vote for separation.

Losing stocks included Plaintree Systems, the computer company, down C$1 to C$9¾, Leitch Technology, which slipped C$⅝ to C$20¾, and Agrium, which lost C½ to C$54.

Among the day's third-quarter reporters, Delrina picked up C$¼ to C$20½ Kerr Addison Mines was flat at C$22 and Nova rose C$⅛ to C$10⅛.

SOUTH AFRICA

Stock prices drifted, investors showing reluctance to take positions ahead of tomorrow's public holiday for local elections. The overall index declined 12.7 to 5,753.0, the industrials index rose 6.0 to 7,462.1 and the gold shares index fell 29.4 to 1,250.2.

Mexico in early rise

The Mexican equity market rallied in moderate early trading on hopes that a new economic plan would help boost the economy. By midsession the IPC index was up 72.85 or 3.2 per cent at 2,318.77. Volume was 7.8m shares.

The plan, unveiled on Sunday by President Ernesto Zedillo, called for economic growth of 3 per cent and inflation of 20 per cent in 1996. An early improvement in the peso also cheered investors.

SAO PAULO was slightly lower by midsession in thin turnover. The Bovespa index had lost 153 to 41,253. Analysts said that many investors were waiting for a vote in congress later in the session on the extension of the Social Emergency Fund.

BUENOS AIRES opened higher helped by the bounce in Mexico. By midday the Merval index was 5.14 or 1.3 per cent firmer at 405.72 although in extremely light turnover.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1995	Start of 1995
Austria	-0.46	-7.93	-13.03	-16.45	-8.47	-7.55
Belgium	-0.05	-2.33	+6.92	+4.17	+14.07	+15.21
Denmark	-1.13	-1.67	+2.46	+0.03	+11.00	+12.10
Finland	-5.18	-16.41	+3.44	+7.42	+19.24	+20.43
France	-0.25	-2.47	-3.90	-5.16	+2.88	+3.91
Germany	-3.21	-3.92	+2.14	-1.84	+7.55	+8.62
Ireland	-2.97	-3.20	+15.56	+11.73	+16.12	+17.28
Italy	+1.57	-8.36	-4.42	-7.82	-7.19	-6.27
Netherlands	-2.17	-4.38	+7.93	+4.99	+14.98	+16.11
Norway	-4.76	-5.36	+5.02	-2.74	+4.97	+6.01
Spain	-1.80	-5.05	+0.77	+1.69	+9.00	+10.07
Sweden	-4.99	-8.92	+17.55	+17.86	+31.12	+32.43
Switzerland	-2.75	+0.33	+22.95	+14.76	+31.31	+32.62
UK	-1.53	-0.59	+14.58	+13.33	+13.33	+14.45
EUROPE	-1.86	-2.78	+8.36	+5.97	+12.19	+13.30
Australia	-1.78	-2.82	+2.74	+8.13	+4.13	+5.16
Hong Kong	-2.46	-0.78	-1.34	+14.13	+13.07	+14.19
Japan	-4.27	-3.90	-10.94	-10.54	-13.10	-12.23
Malaysia	+0.25	-4.07	-13.74	-2.41	-2.58	-1.60
New Zealand	-1.31	+3.26	+0.68	+12.32	+14.11	+15.26
Singapore	-0.84	-0.88	-10.46	-3.82	-1.90	-0.92
Canada	-1.66	-4.40	+1.28	+2.55	+3.95	+4.98
USA	-1.40	-0.68	+24.92	+26.49	+25.25	+26.49
Mexico	-3.19	-6.46	-10.46	-6.77	-35.92	-35.28
South Africa	-1.76	+1.54	+10.59	-4.97	+5.48	+6.52
WORLD INDEX	-2.29	-2.20	+6.68	+7.38	+8.05	+8.05

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EUROPE

Paris up 3% on political signals and rate hopes

Goldman Sachs raised its European equity allocation yesterday because it expected, over the next six months, an ideal combination of lower European short-term interest rates and a strong dollar, *writes Our Markets Staff*. This coincided with a good day for Continental stocks.

PARIS took encouragement from the strength of the franc against the D-Mark, as well as some positive signals from politicians over the weekend. The CAC-40 advanced 52.96 or 3 per cent to 1,795.34. Turnover was in excess of FFr4bn.

Analysts said that there were now strong expectations that the Bank of France would be able to cut interest rates later in the week, and probably on Thursday.

There was also late reaction, they said, to the nationwide television address by Mr Jacques Chirac, the French president, last week, with investors pleased that he had accorded top priority to reducing the budget deficit.

One commentator said that this announcement was important because it would help to ease the uncertainty which had existed over economic policy that had plagued the government since it took office.

The political atmosphere was also cooled by a judicial announcement just after the close of trading that Mr Chirac would not face an investigation into alleged irregularities in renting a flat while he was mayor of Paris.

Investors had their first opportunity to respond to Peugeot's first-half results, which came just after the close on Friday. Following an analysts' meeting yesterday morning, there were a number of earnings revisions – a number of domestic brokers were understood to be revising their full-year figures downwards after the vehicle manufacturer gave a cautious assessment for sales over the rest of the year.

However, dealers also said that there was support on bargain hunting after a two-year closing low at the end of last week, and the shares rose FFr35 or 5.8 per cent to FFr636.

Elsewhere in the automotive sector, Renault made FFr5.70 to FFr153.20 and Michelin rose FFr198.0 to FFr6.40.

Havas, up FFr19.90 or 6.3 per cent to FFr333.50, was supported by reports that it might be about to dispose of its indirect 20 per cent stake in a Luxembourg television group.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Oct 30 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1384.70	1385.48	1386.35	1386.46	1386.53	1387.43	1386.81	1387.73
FT-SE Eurotrack 200	1498.48	1499.40	1501.20	1501.84	1501.06	1501.58	1500.72	1500.44

	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23
FT-SE Eurotrack 100	1363.93	1374.41	1373.87	1363.11	1352.04
FT-SE Eurotrack 200	1481.07	1499.34	1499.02	1490.81	1479.96

Base 1000 (26/10/90) High/day: 100 - 1387.73; 200 - 1503.05 Low/day: 100 - 1384.70 200 - 1498.08 † Partial

Eurotunnel enjoyed a rebound from recent selling, the shares appreciating 45 centimes or 6.2 per cent to FFr7.75.

MILAN featured a 16.7 per cent dive in Ferruzzi, on top of Friday's 10.5 per cent plunge, after the weekend news that Mediobanca, the powerful merchant bank, had bought a stake which put the holding company out of reach of a hostile takeover bid.

The Comit index picked up 1.72 to 580.40, reflecting a firmer early trend in the lira and the domestic bond market, but the real-time Mibtel index finished 3 lower at 9,208 as the lira gave back its gains.

Ferruzzi dropped L221 to L1,103, while Montedison, in which it has a 30 per cent stake, was L34 lower at L1,083.

Mediobanca picked up L178 to L10,460, although many analysts questioned why it was prepared to pay an average of L1,580 a share for the Ferruzzi stake. Gemina, however, jumped to an early L788 on news that Mediobanca was trying to revive the SuperGemina plan to merge Ferruzzi with the investment company. Subsequently, the shares slipped back to finish L11.8 higher on the day at L712.5.

FRANKFURT saw the Dax index close 37.70 or 1.8 per cent higher at 2,149.71, more than recovering last Friday's losses. It liked the recovery in the dollar, and in the Dow.

The top Dax performer was SAP preferred, up DM10.10 to DM210.30 as technology stocks gained in the US. Dollar stocks included Volkswagen, Continental and Hoechst, up by 2.9, 2.8 and 2.7 per cent respectively. VW also liked the news that the European Commission was today expected to clear a Spanish state and regional rescue plan for its Spanish subsidiary, Seat.

AMSTERDAM's AEX index ended up 3.42 at 447.93, down from an intra-day high of 449.96. Trading was particularly heavy in KLM ahead of today's September quarter results, with the shares losing 50 cents to Fl 50.50, off a low of Fl 49.40. Analysts expressed concern that the airline's results could be hurt by higher taxes and the recent strength of the guilder.

Philips finished 80 cents better at Fl 60.20 in a technical recovery from last week's fall on the third-quarter figures.

DSM, due to publish its third-quarter results today, added Fl 1.70 at Fl 121.70. Akzo Nobel was up Fl 1.30 at Fl 179.80 ahead of its own results due on Thursday.

ZURICH was enlivened by news that Ciba was to spin off its Mettler Toledo weighing machines division, to focus its attention on core activities. The SMI index clawed back 31.3 to 3,057.9.

Ciba registered jumped SFr19 to SFr951 as analysts welcomed the Mettler Toledo news and forecast that next year's public offering could raise between SFr750m and SFr1bn.

Other pharmaceuticals were carried along on the wave of enthusiasm, with Roche certificates rising SFr100 to SFr8,190 and Sandoz SFr10 to SFr940.

Interest rate-sensitive shares were higher on lower money market and bond yields, with UBS up SFr20 at SFr1,216.

STOCKHOLM rallied on exporters and forestry stocks, the Affärsvärlden general index gaining 35.4 or 2.1 per cent at 1,723.2. Volvo, the vehicle manufacturer, rose SKr4 to SKr150.50, Ericsson put on SKr6.50 at SKr148.50 and Electrolux climbed SKr12 to SKr281; in forestries, MoDo put on SKr7.50 at SKr338.5 and Stora SKr3.50 at SKr83.

HELSINKI was 2 per cent higher as the Hex index rose 38.86 to 1,939.20. COPENHAGEN saw a sharp fall in ISS after the group downgraded its 1995 earnings forecast and the shares dived DKr18 to DKr125. But the KFX index firmed 0.45 to 100.13.

Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Rebound in banking sector helps Nikkei 1% higher

Tokyo

Friday's rebound on Wall Street, and the rise in the dollar, left the Nikkei average higher for the first time in six trading days, *writes Emiko Terazono in Tokyo*.

The 225-share index closed 171.98 or 1 per cent up at 17,509.17 after moving between 17,364.99 and 17,515.64. The US news prompted short-covering in the futures market. Arbitrage buying supported shares, while domestic institutions placed buying orders at lower prices.

Volume totalled 245m shares, against 366m. Gains outnumbered losses by 565 to 419, with 192 issues unchanged. The Topix index of all first section stocks rose 9.93 to 1,398.36 and the Nikkei 300 by 2.35 to 261.88. In London the ISE/Nikkei 50 index firmed 0.21 to 1,182.38.

There was some speculative trading by individual investors and brokerage dealers but, otherwise, activity was limited to the adjustment of positions. Most banks rebounded after leading the market's recent decline, but those perceived to be financially weaker hit new lows for the year.

Traders expected Nikkei range trading in the near term, between a top of 17,589, the 75-day moving average, and 16,963, the 200-day moving average.

Tokyo Tanabe, a drug manufacturer, came under selling pressure on reports of side effects from its endometriosis treatments. The stock dropped Y59 to Y598 as investors rushed to sell on reports that the company had failed to report side effects – one person died, and three others suffered blood clots in the brain – to the Ministry of Health and Welfare.

In banks, after heavy short selling last week, Asahi rose Y23 to Y1,010 and Sakura Y19 to Y949. Daiwa Bank, however, fell Y8 to Y601, while continuing fears of the "Japan premium" or the additional funding costs Japanese banks were forced to bear in overseas capital markets hurt trust banks. Chuo Trust and Banking declined Y7 to Y913.

Sega Enterprises gained Y60 at Y5,400 on its tie-up with Fujitsu to develop a multimedia network service business. Fujitsu put on Y10 at Y1,200. Some high-technology issues were weaker on selling by foreigners. Sony fell for the third straight day, losing Y10 at Y4,740.

Speculative stocks were actively traded. Nitto Chemical rose Y100 to Y1,370, Krosaki, a firebrick maker, gained Y100 at Y610 and Toyo Sugar added Y80 at Y475.

In Osaka, the OSE average slipped 10.90 to 19,018.15 in volume of 11.8m shares.

Roundup

Across-the-board selling dragged MANILA to a six-month closing low. The composite index fell 41.52 or 1.6 per cent to 2,470.82, off an intra-day low of 2,462.19, in moderate trade of 3.7bn shares worth 951.8m pesos.

PLDT shed 55 pesos to 1,510 pesos after a sharp dip in its ADRs in New York on Friday.

TAIPEI was worried about the economy after the central bank announced on Sunday that September's bad cheque ratio reached a 10-year high.

The weighted index plunged 80.41 or 1.6 per cent to 4,817.04 in light turnover of T$18.6bn.

Brokers said many investors who had planned to hold their shares until the parliamentary elections at the end of the year decided to sell earlier as the bank's announcement intensified fears that the island's economy was worsening.

Paper and electronics shares led the way down, tumbling by 2.9 per cent and 2.3 per cent respectively.

The market will be closed today for a national holiday.

HONG KONG put in a strong early performance, taking its lead from Wall Street on Friday, before profit-taking eroded a 130-point rise to leave the Hang Seng index a net 8.36 off at 9,672.39.

New World Infrastructure, which made its trading debut last Friday, ended 50 cents stronger at HK$13.50 on demand from overseas funds.

KUALA LUMPUR was led lower by selling in property stocks after more curbs were announced in the budget on property market transactions. The composite index receded 7.87 to 954.77.

SINGAPORE edged lower in listless conditions which saw Malaysian shares traded on the over-the-counter market under pressure because of disappointment over the Malaysian budget. The Straits Times Industrials index lost 5.27 at 2,100.16.

SEOUL was lower in thin trade as the investigation continued into the alleged slush fund scandal involving Roh Tae-woo, the former president. The composite index ended 9.18 lower at 982.87.

Among the banking sector, Shinhwa went limit up, advancing Won900 to Won16,000 on takeover speculation.

However, two Hanbo Group companies went the day's limit down on reports that the group would be investigated in connection with the slush fund scandal. Hanbo Steel lost Won500 to Won8,600 and Sang-A Pharmacy fell Won1,000 to Won16,600.

BOMBAY was lower in volatile trading, undermined by late profit-taking triggered by the subdued trend in the rival national stock exchange. The BSE 30-share index finished 24.67 down at 3,419.45, off an early high of 3,459.64.

COLOMBO was closed as the exchange moved to new headquarters in the World Trade Centre.

BANGKOK was led higher by a technical rebound in finance and communications stocks and expectations of strong third-quarter results in the energy sector. The SET index rose 2.12 to 1,273.53 in turnover of Bt3bn, compared to Friday's Bt4.6bn. The energy index rose 2 per cent.

SYDNEY was little changed after cautious and volatile trade. The All Ordinaries index gained 0.1 at 2,067.50, after touching an intra-day high of 2,073.10 in early trade. Turnover was A$537.1m on 213.2m shares traded.

ICI Australia retreated 30 cents to A$9.00 in spite of announcing year to September net profits of A$268.8m, up from A$167.5m a year earlier.

The Karachi stock exchange was expected to show a mixed response today to the weekend's devaluation of the rupee, the rise in oil prices, and higher duties on imports, *writes Farhan Bokhari in Islamabad*.

The market had been closed for two days because of a strike called by the Mohajir National Movement.

The devaluation worried manufacturers who rely on imported raw materials for production. One of them, Millat Tractors, the local affiliate of Massey Ferguson, expected production costs to rise by up to 17 per cent. Local analysts also forecast higher prices in the engineering sector, such as the motor car industry.

However, share prices in the textiles sector, which account for almost a third of the 748 companies listed on the KSE, could rise in the short term, due to expectations of export growth.

Textile manufacturers were also encouraged by reports that this year's cotton crop would exceed the government's production target of 9.5m bales after the crop suffered from large damage during the past two years.

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Leaders in Europe

GEHE AG
has acquired
AAH plc
through a public offer
We advised GEHE AG in this transaction
Morgan Grenfell & Co. Limited
May 1995
Deutsche Morgan Grenfell

Queens Moat Houses plc
We advised the company on its financial restructuring
Morgan Grenfell & Co. Limited
May 1995
Deutsche Morgan Grenfell

GRT Bus Group PLC
Recommended merger with
Badgerline Group plc
to form
FirstBus plc
We advised GRT Bus Group PLC in this transaction
Morgan Grenfell & Co Limited
June 1995
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BBA GROUP PLC
has successfully completed its public offer for
Holvis AG
Basle, Switzerland
We advised BBA GROUP PLC on this transaction
Morgan Grenfell & Co Limited
June 1995
Deutsche Morgan Grenfell

VSEL PLC
has been acquired by
The General Electric Company, p.l.c.
through a recommended public offer
We advised VSEL PLC in this transaction
Morgan Grenfell & Co Limited
June 1995
Deutsche Morgan Grenfell

National Express Group PLC
has merged with
West Midlands Travel Limited
We advised National Express Group PLC in this transaction
Morgan Grenfell & Co. Limited
June 1995
Deutsche Morgan Grenfell

DyStar Textilfarben
has been formed as a joint venture between
Bayer AG
and
Hoechst AG
We advised Bayer AG in this transaction
Morgan Grenfell GmbH
July 1995
Deutsche Morgan Grenfell

Scottish & Newcastle plc
has acquired
the Courage Brewing Business
from
Foster's Brewing Group Limited
We advised Scottish & Newcastle plc in this transaction
Morgan Grenfell & Co Limited
August 1995
Deutsche Morgan Grenfell

TransAtlantic Holdings PLC
has disposed of its 50% interest in
Sun Life Holdings PLC
to
Compagnie UAP
We advised TransAtlantic Holdings PLC in this transaction
Morgan Grenfell & Co Limited
August 1995
Deutsche Morgan Grenfell

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FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS	FRIDAY OCTOBER 27 1995								THURSDAY OCTOBER 26 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (82)	180.50	-1.1	169.37	116.04	131.44	159.14	-1.0	4.08	182.57	171.98	117.48	133.04	160.72	191.01	157.95	173.10
Austria (27)	168.94	-1.0	158.52	108.61	123.02	122.98	-1.1	1.36	170.80	160.89	109.78	124.32	124.29	199.28	167.48	181.65
Belgium (35)	194.04	-0.3	182.08	124.74	141.29	137.72	-0.4	3.80	194.68	183.37	125.28	141.87	138.32	201.12	164.78	169.73
Brazil (28)	136.93	2.0	128.48	88.02	99.70	242.28	2.0	1.74	134.28	126.47	86.40	97.85	237.59	-	-	-
Canada (100)	135.84	0.0	127.46	87.32	98.91	134.78	0.4	2.73	135.78	127.89	87.37	98.95	134.26	150.83	121.81	138.26
Denmark (33)	282.28	-0.6	264.88	181.47	205.55	208.49	-0.8	1.55	283.85	267.35	182.65	206.85	210.23	295.99	236.61	255.74
Finland (25)	223.96	-1.3	210.14	143.97	163.07	198.70	-1.3	1.61	226.81	213.63	145.95	165.28	201.37	276.11	171.13	201.41
France (100)	169.95	0.3	159.46	109.25	123.75	129.85	-0.8	3.38	169.40	159.56	109.01	123.45	130.89	191.17	157.79	168.10
Germany (59)	155.66	-1.5	146.06	100.07	113.35	113.35	-1.6	2.12	158.10	148.91	101.74	115.21	115.21	167.74	135.39	142.59
Hong Kong (55)	372.41	-0.9	349.45	239.41	271.18	369.74	-0.9	3.93	375.80	353.97	241.83	273.85	373.08	391.00	277.40	377.73
Ireland (16)	241.86	-0.2	226.94	155.48	176.11	210.23	-0.5	3.58	242.41	228.32	155.99	176.65	211.36	250.55	195.34	208.31
Italy (58)	70.57	-0.1	66.22	45.37	51.39	84.09	-0.5	1.81	70.67	66.57	45.48	51.50	84.54	82.71	65.45	77.07
Japan (483)	137.75	-2.0	129.25	88.55	100.30	88.55	-2.1	0.86	140.51	132.34	90.41	102.39	90.41	164.82	136.95	162.34
Malaysia (108)	471.68	-0.2	442.59	303.23	343.46	460.05	-0.5	1.79	472.81	445.34	304.25	344.56	462.34	561.96	398.16	542.71
Mexico (18)	916.50	0.1	859.98	589.18	667.35	7109.58	2.3	1.98	915.16	861.97	588.90	666.90	6949.08	2155.31	647.81	2118.68
Netherland (19)	251.81	-0.9	236.28	161.88	183.36	180.34	-0.9	3.62	254.11	239.34	163.52	185.18	182.07	263.99	207.60	218.14
New Zealand (14)	81.20	-0.4	76.19	52.20	59.13	65.64	-0.4	4.35	81.54	76.81	52.47	59.42	65.91	85.49	69.56	75.44
Norway (33)	225.99	-1.2	212.05	145.28	164.56	190.35	-1.4	2.20	228.85	215.55	147.26	166.76	193.11	243.79	192.92	205.21
Singapore (44)	369.60	0.0	346.81	237.60	269.13	241.06	-0.1	1.70	369.52	348.05	237.79	269.29	241.25	414.26	313.94	397.43
South Africa (45)	358.68	-1.2	336.56	230.58	261.19	295.00	-1.2	4.08	363.17	342.06	233.70	264.65	298.56	368.62	281.06	336.89
Spain (36)	145.25	0.1	136.30	93.38	105.77	133.81	-0.5	4.22	145.15	136.72	93.40	105.77	134.49	160.51	124.10	140.80
Sweden (48)	306.05	-0.8	287.19	196.75	222.86	299.28	-1.4	2.00	308.49	290.57	198.51	224.81	303.52	320.43	225.80	242.34
Switzerland (41)	219.07	-1.1	205.56	140.83	159.52	153.80	-1.7	1.73	221.51	208.64	142.54	161.42	156.46	223.54	158.38	161.28
Thailand (46)	157.39	-0.3	147.68	101.18	114.60	153.50	-0.3	2.65	157.91	148.73	101.61	115.07	153.95	-	-	-
United Kingdom (206)	222.99	-0.2	209.24	143.35	162.38	209.24	-0.6	4.10	223.47	210.48	143.80	162.85	210.48	227.31	187.07	201.72
USA (503)	237.50	0.5	222.85	152.68	172.94	237.50	0.5	2.48	236.38	222.65	152.11	172.26	236.38	242.04	182.33	190.13
Americas (649)	216.18	0.5	202.85	138.97	157.41	181.62	0.5	2.48	215.17	202.67	138.46	156.80	180.72	-	-	-
Europe (739)	191.44	-0.5	179.63	123.07	139.39	159.61	-0.9	3.16	192.44	181.25	123.83	140.23	161.14	199.02	183.04	172.51
Nordic (139)	278.09	-0.9	260.94	178.78	202.50	233.11	-1.3	1.88	280.54	264.24	180.52	204.44	236.17	295.02	215.79	233.85
Pacific Basin (632)	148.86	-1.7	139.68	95.69	108.39	99.07	-1.8	1.32	151.48	142.67	97.47	110.39	100.90	173.52	145.93	171.51
Euro-Pacific (1570)	166.51	-1.1	156.24	107.04	121.24	121.94	-1.4	2.20	168.45	158.66	108.40	122.75	123.67	178.33	154.73	171.81
North America (603)	231.22	0.5	216.96	148.64	168.36	230.64	0.5	2.49	230.17	216.79	148.11	167.73	229.56	235.91	178.86	186.79
Europe Ex. UK (532)	170.51	-0.7	159.99	109.61	124.15	139.01	-1.1	2.62	171.70	161.72	110.49	125.12	134.57	179.48	146.45	163.27
Pacific Ex. Japan (349)	252.75	-0.7	237.17	162.49	184.05	221.64	-0.7	3.31	254.56	239.77	163.81	185.51	223.25	266.72	211.19	280.96
World Ex. US (1761)	167.36	-1.1	157.04	107.59	121.87	125.39	-1.3	2.25	169.22	159.39	108.89	123.32	127.06	178.73	155.42	173.71
World Ex. UK (2058)	185.61	-0.5	174.16	119.32	135.15	152.63	-0.6	2.15	186.57	175.73	120.05	135.96	153.57	191.32	163.46	175.84
World Ex. Japan (1781)	217.26	-0.0	203.86	139.67	158.20	201.81	-0.1	2.81	217.27	204.65	139.81	158.33	202.10	221.43	178.95	188.90
The World Index (2264)	188.87	-0.5	177.22	121.42	137.53	157.56	-0.6	2.34	189.79	178.76	122.13	138.30	158.53	194.25	185.92	178.12

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CONSTITUENT CHANGE WITH EFFECT 3/11/95: Addition: Nordbanken (Sweden) (Medium-Small Cap Index). Latest prices were unavailable for this edition.

هكذا من الأصل

Biggest party in N Ireland shifts stance

By Quentin Peel in Washington

The leader of the main pro-British party in Northern Ireland admitted yesterday that the US might have been right to grant a visa to Mr Gerry Adams, president of Sinn Féin, at the start of the Irish peace process. Sinn Féin is the political wing of the Irish Republican Army.

"We got a ceasefire, and that was the good thing," Mr David Trimble, leader of the Ulster Unionist party, said during a visit to the US. The decision to grant a visa to Mr Adams – furiously condemned at the time by the British government and by the unionist community – might have contributed to the cessation of violence, he added. "If the [US] administration wants to take credit for it, that is fine."

His attitude to the controversial Adams visit, which almost caused a breach in Anglo-US relations, is likely to underline the impression that Mr Trimble, elected leader of the Ulster Unionists last month, may be more pragmatic than his predecessor, Mr James Molyneaux.

He expects to meet both President Bill Clinton and Vice-President Al Gore on his Washington trip, as well as breakfasting with Senator Edward Kennedy and other leading figures in the Irish-American establishment. If he does not meet the president, it will be seen as a severe blow to Unionist pride.

Mr Trimble is one of a string of northern Irish visitors to the US in advance of President Clinton's official visit to London, Belfast and Dublin at the end of the month. The Rev Ian Paisley, leader of the vehemently anti-nationalist Democratic Unionist party, was in the country last week.

Mr Trimble remained adamant yesterday that he expects the US administration to put pressure on the IRA to start the process of "decommissioning" its weapons before a further phase of peace talks can begin.

Mr Michael Ancram, a British minister responsible for Northern Ireland, is to have talks in Belfast today with Sinn Féin in a fresh bid to end the deadlock on IRA disarmament.

Mr Martin McGuinness, a senior member of the Sinn Féin executive, will be looking for a government response to proposals he put to Mr Ancram earlier this month to try to end the impasse which has put the Ulster peace process on hold.

Mr Trimble is also seeking US backing for the unionist call for elections to a constituent assembly or convention in northern Ireland, as opposed to all-party talks. He admitted that President Clinton's top Irish negotiators, Mr Tony Lake, the national security advisor, and Ms Nancy Soderberg, his deputy, had been sceptical about the unionist proposal on their recent trip to the UK and Ireland.

The British government yesterday pressed ahead with legislation that will give early release to 90 terrorist prisoners before the end of the year, our Westminster Correspondent writes. Sir Patrick Mayhew, chief minister for Northern Ireland, said the legislation was "a positive but proportionate response to the continuance of the ceasefires".

The bill, which is being rushed through to avoid any delay at the start of the next parliamentary session next month, has received cross-party support. It will cut the time at which a prisoner in Northern Ireland can be released on good behaviour from two thirds of his sentence to a half, reversing a 1989 order that tightened up jail terms at the height of terrorist violence.

The opposition Labour party expressed concern at the provision to be given to the chief Northern Ireland minister to recall to prison any former inmate whose continued liberty "would present a risk to the safety of others."

Anglo-French talks Uncertainty over Nato doctrine may open way for rapprochement

Nations draw closer on use of nuclear weapons

By Bruce Clark in London

Britain and France have made an enigmatic promise to "pursue and deepen" their nuclear co-operation while carefully stressing that the independence of both countries' nuclear arsenals is not in question.

In practice, this will mean a redoubling of the efforts that have been going on behind the scenes since 1992 to reconcile the British and French positions in the arcane world of "nuclear doctrine".

The whole idea of elaborating a distinct philosophy for the use of nuclear weapons is more French than British – but as yesterday's communiqué said, there has been "considerable convergence" in the two countries' ideas recently.

A commission of defence experts from both countries already meets regularly to thrash out the finer points of nuclear theology.

In their biggest achievement to date, they are understood to have agreed on a broad definition of sub-strategic deterrence: in other words, the use of a low-yield "warning shot" against an advancing aggressor, along with a threat warning of a massive nuclear strike unless the attack halts.

This warning shot would apparently be fired as soon as a country's "vital interests" were threatened - and this makes doubly significant yesterday's formal statement that the vital interests of the UK and France are nearly indistinguishable.

Despite the natural community between Europe's two nuclear powers, London and Paris approach the issue of nuclear arms from very different perspectives.

As a full member of Nato's military wing, Britain's nuclear weapons are theoretically at the disposal of the Atlantic alliance. Britain's submarine-based nuclear weapons are impossible to test, and almost certainly impossible to use with any accuracy, without the active co-operation of the US, where they are manufactured. France maintains a broader range of air, sea and land-based nuclear weapons and has made a point of safeguarding their absolute independence.

During the cold war, Britain subscribed to the Nato doctrine of "flexible response" – the early use of tactical nuclear weapons to head off a massive attack by the Soviet bloc with conventional weapons.

French thinking has always placed more emphasis on the role of nuclear weapons as a strategic weapon of last resort, designed for deterrence rather than use. However, the end of the cold war has prompted Nato to abandon the flexible response doctrine, and it has yet to define a new philosophy. One of the few things known about its latest thinking is that both US and British nuclear arms are still expected to play a role in the defence of western Europe.

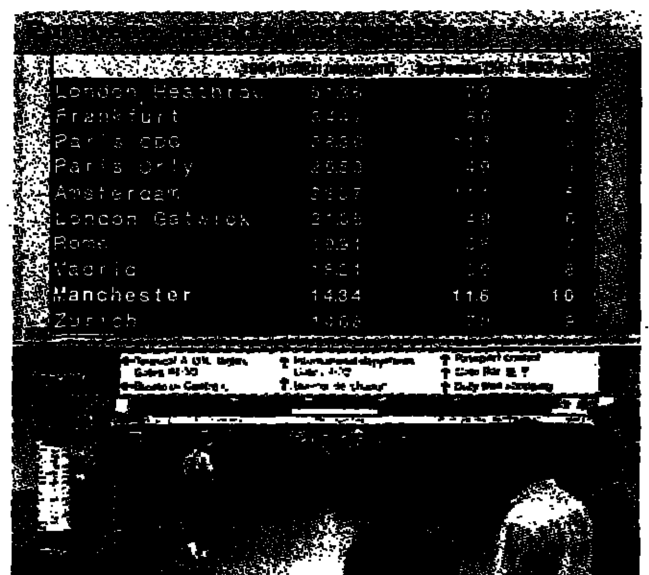
The uncertainty about Nato's nuclear military doctrine has cleared the way for some rapprochement between British and French ideas – but UK defence experts doubt whether there can be a real meeting of minds unless France rejoins Nato's nuclear planning group. France has long stayed aloof from all Nato's deliberations about the use of nuclear arms.

Isolationism deplored, Page 10

Travel through Manchester Flights from New York 'much quicker than those to Heathrow'

Airport lures investors to northern 'honeypot'

By Ian Hamilton Fazey in Manchester



Sale in Greater Manchester does not routinely compare itself with Paris or Munich as a European business centre. But last week, Feature Films for Families, a US video producer, chose the upmarket town as the site for its European headquarters over its continental competitors.

An important element in the decision to site its $250,000 venture into Europe in north-west England was the facilities offered by the nearby Manchester airport. The largest in the UK after London's Heathrow and Gatwick, the airport offers connections to 175 destinations worldwide and is used by nearly 100 airlines.

But a planning decision in the next few months is likely to decide whether the airport can continue to be what Mr Julian Hulse, chief executive of Manchester Chamber of Commerce, describes as the north's principal economic "honeypot". Future growth in air traffic depends on getting permission for a second runway – and there is opposition from Manchester's nearest neighbouring airport. Manchester airport is credited with a series of successes in attracting inward investors to the area. Inward, the government-backed agency promoting investment in north-west England, says the airport is the region's greatest asset in attracting investors from outside Britain.

The north-west has about 1,300 non-UK-owned companies working in it, about 500 of them from the US. Companies citing the airport as a reason for locating in the Manchester area include Brother, the Japanese electrical goods manufacturer; Teco, a Taiwanese electric motormaker; and Omega, a US engineering company.

The airport's range of services and destinations partly reflects the size of its catchment area. The motorway network puts more than 20m people within two hours' drive of the airport.

But what has attracted the carriers to Manchester rather than other northern airports is its marketing approach: the management treats the airlines as the customers, not the passengers. The latter are the airport's and airlines' raw material – and Manchester promises to deliver more of them to the boarding gates every year.

One way of keeping its promise has been to build relatively generous terminal capacity: Manchester opened its second terminal in 1993, helping keep check-in times short. An hour is usually the maximum time needed.

Sir Alan Cockshaw, chairman of Amec, the Cheshire-based construction company, says faster baggage retrieval and passenger processing times help make flights from New York to Manchester up to two hours quicker than those to Heathrow. Other factors include the less congested skies over northern England, with flights seldom stacked before landing as at airports in the south.

Mr Geoff Muirhead, the airport's chief executive, says this has helped create a virtuous circle, with more passengers attracting more airlines to compete for them – last year it handled nearly 15m passengers. But further growth in business now depends on approval for building the second runway, which would allow the airport to handle 30m passengers a year by 2005.

A planning inquiry is considering the proposal and is expected to publish its decision in the next few months. But there is opposition from neighbouring Merseyside, where political leaders – and some in the business community – believe capping Manchester's growth would force airlines to use Liverpool's airport, which now handles only about 500,000 passengers a year.

"We are not against Manchester, but there has to be room for Liverpool too," says Mr Harry Rimmer, leader of Liverpool city council.

Mr Peter Coles-Johnson, chief executive of the Leeds-Bradford chamber of commerce, says: "We support Manchester as an intercontinental airport and want to see the northern infrastructure improved so people can get there quicker."

Iraqi deals 'had tacit approval'

By John Mason, Law Courts Correspondent

A British businessman who provided the UK security services with information about the Iraqi military procurement programme was one of four men wrongly prosecuted for export control offences after government documents indicating secret UK support for Iraq after its war with Iran were withheld from their trial, the Court of Appeal in London was told yesterday.

Mr John Grecian, the former managing director of the Ordtech engineering company – based in Reading, southern England – supplied the MI5 and MI6 security services with information on Iraqi defence projects, said Mr Geoffrey Robertson, his lawyer.

Mr Grecian risked his life when travelling in Iraq to bring back the first information about defence projects, Mr Robertson said. "He went back at risk of arrest and execution."

Mr Grecian, Mr Brian Mason, the former engineering director at Ordtech, and two other businessmen involved with the company, Mr Stuart Blackledge and Mr Colin Phillips, are appealing against their convictions in 1992 for conspiring to evade controls on the export of defence equipment to Iraq.

At the heart of their appeal is the government's use of public interest immunity (PII) certificates to prevent the disclosure of documents indicating, the men argue, that government officials knew Jordan was used as a conduit for arms exports to Iraq.

The four men – who pleaded guilty at their trial to attempting to supply fuses for heavy artillery shells – say that they were acting with the tacit approval of the British government.

They say that they only decided to plead guilty after the government's use of PII certificates destroyed their legal defences.

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ABB Asea Brown Boveri Ltd.

Stan Shih
The Acer Group

Percy Barnevik, President and Chief Executive Officer of ABB Asea Brown Boveri Ltd. received the Award for the chief executive of a company headquartered in the developed world, whose expansion into emerging markets has best shown how these markets can contribute significantly to corporate revenues and profitability and has produced benefits for both the countries involved and the corporation in question.

Stan Shih, Chairman and Chief Executive Officer of The Acer Group was elected winner of the Award for the chief executive of a corporation headquartered in one of the world's emerging economies whose vision and company performance has best shown the pattern that can be offered as a model to other emerging markets companies around the world.

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IMP and ING Bank are delighted to have such worthy recipients of the 1995 Awards and look forward to continuing the tradition in 1996.

Copies of the winners' citations, the list of the Selection Committee members, and details on this and next year's Awards are available by contacting: Richard Burns, President & CEO, International Media Partners, The Cable Building, 611 Broadway, Suite 300, New York, NY 10012-2699. Telephone: (212) 995-9595. Telefax: (212) 995-9389.

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INTERNATIONAL EXHIBITION CALENDAR FROM JANUARY TO JULY 1996

January

19-22 CHIBI '96 International exhibition of gift articles, fancy goods, perfumery items, costume jewellery and smokers' supplies

19-22 CART '96 International exhibition of stationery, paper and cardboard products, articles for school and fine arts

24-28 34° SALONE DEL GIOCATTOLO '96 International Toy Fair *Lacchiarella, South Pavilion*

28-30 MIAS INVERNALE '96 International sportswear, sport and camping equipment exhibition

February

9-12 MACEF PRIMAVERA '96 International Exhibition of Tableware, Household and Gift Items - Silverware - Gold - Watches

23-25 MIFLOR '96 Floriculture, Plants and Gardening Accessories. International Exhibition *Lacchiarella, South Pavilion*

28 Feb. 3 Mar. BIT '96 International Tourism Exchange

March

4-6 MODA IN International clothing, textiles and accessories exhibition *Lacchiarella, South Pavilion*

13-16 FLUIDTRANS COMPOMAC 15th International biennial exhibition of Power Transmission Systems and Control and Engineering Design Equipment

14-17 69° MIPEL International leather goods market

14-18 EXPO DETERGO '96 Specialist international exhibition of equipment, services, products and accessories for laundering, ironing, dry cleaning and related industries

27-31 30° MOSTRA CONVEGNO EXPOCOMFORT International exhibition and conference of Heating, Air-Conditioning, Refrigeration, Plumbing & Sanitary Installations, Bathroom Fittings

April

18-22 SALONE INTERNAZIONALE DEL MOBILE International Furniture Show

18-22 EUROLUCE 18th International Biennial Lighting Technology Exhibition

May

3-6 MIDO '96 International optics, optometry and ophthalmology exhibition

4-12 INTERNAZIONALE DELL'ANTIQUARIATO International Antiques Fair

7-11 GRAFITALIA Exhibition of machinery and materials for the graphics, publishing and electronic publishing industries

7-11 CONVERFLEX International paper, paper converting and package printing machinery exhibition

22-27 15° INTERBIMALL International biennial wood processing machinery and accessories exhibition

22-27 15° SASMIL International exhibition of components for furniture

June

4-6 ESMA International knitwear and clothing exhibition

6-9 Lift '96 2nd International exhibition for lifts, related components and accessories - technical press and services

7-10 CHIBIDUE '96 International exhibition of gift articles, fancy goods, perfumery items, costume jewellery and smokers' supplies

7-10 CHIBIMART '96 Selling Market of typical craft products

12-14 BORITEC 8th International Cooperation, Development and Investment Exchange

July

1-2 MIAS ESTIVO '96 International sportswear, sport and camping equipment exhibition

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Help in investigating alleged cover-up may be offered to Singapore financial police

Leeson lawyers seek deal on evidence

THE BARINGS COLLAPSE

Lawyers in Singapore for Mr Nick Leeson have started discussions with the state's financial police on a possible deal, Nicholas Denton writes in London. The former trader with the Barings merchant bank would provide evidence under the deal against executives to whom he reported. Singapore's commercial affairs department (CAD), which last week said it was open to offers of co-operation, said yesterday that it had received representations from Mr John Koh, Mr Leeson's Singapore lawyer.

Mr Leeson's lawyers are expected to offer assistance in the CAD's investigations into an alleged cover-up by executives including Mr Peter Norris, chief executive of Barings investment bank at the time of the bank's collapse, and Mr James Bax, then regional manager for South-east Asia.

The official Singapore report into the collapse said that they concealed a discrepancy in the accounts of Mr Leeson's operation and could have prevented the collapse of Barings with £830m ($1.3bn) of trading losses.

Mr Leeson's testimony is important because the report, while finding inconsistencies in the executives' accounts, turned up no conclusive evidence of organised concealment of trading losses.

"It would be completely shocking is any attempt were made to change the record in a plea bargain," said as former Barings executive.

The trader's lawyers are expected to hold out for a reduction in the 11 charges, including forgery and cheating, carrying a maximum prison sentence of 14 years, which Mr Leeson faces when he returns to Singapore next month.

Meanwhile, Simex, the Singapore derivatives exchange on which Mr Leeson traded, yesterday announced regulations to prevent unauthorised trading and avoid a repetition of the Barings collapse.

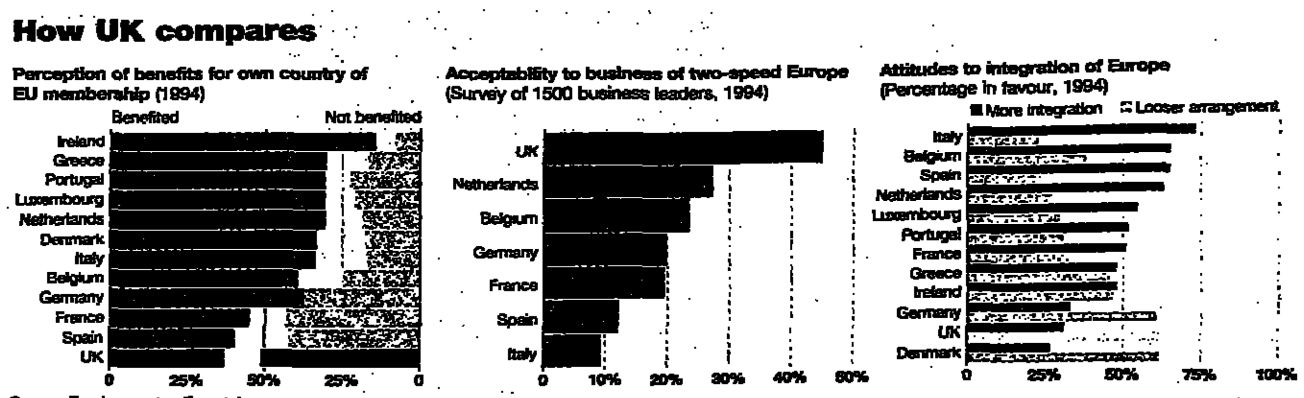
Senior management of full clearing members of Simex will have to vouch for their employees. Brokers will have to reveal the customers behind large trades and a new regulatory division will tighten market surveillance.

Policy Studies Institute 'Britain will gain no benefit from carping negatively on sidelines'

Nation's isolationism in EU is deplored

By Michael Cassell, Business Correspondent

How UK compares



Source: Eurobarometer, Eurostat

The UK will pay a heavy economic, political and strategic price unless it abandons "chauvinism and nostalgia for the glories of the past" and works constructively for a larger and more closely integrated Europe, says the Policy Studies Institute.

The institute, one of Europe's biggest independent research organisations, has investigated the longer-term developments likely to influence the future shape of Europe and the UK's place it.

Its report, published in advance of next year's EU intergovernmental conference, confirms the UK's image as the least enthusiastic of EU members. It paints a picture of a nation separated from mainland Europe by geography, history, language, culture and institutions and one which, although its heart may never be fully committed to the European ideal, knows in its head that it cannot afford to be left on the sidelines.

The report says that, among its neighbours, the UK retains the strongest sense of separateness and remains the most sceptical on the benefits of EU membership. But it also realises that the only alternative is not joining some other group but dropping out into economic and political isolation.

According to the institute, such an isolationist stance might look attractive "to tiny countries hoping to earn their way in the world with postage stamps, naval bases or money-laundering" but it appears less hopeful for a nation such as the UK.

Mr Jim Northcott, author of the report and an institute research associate, says the idea of the UK "going it alone" is "bizarre". He adds: "Britain cannot block change in Europe, Britain has no viable alternative to Europe and Britain will gain no benefit from carping negatively on the sidelines of Europe."

In acknowledging inconsistent public attitudes towards Europe, the report claims that, in spite of deep reservations about the EU, there is also a growing sense of "Europeanness" among Britons.

There is majority backing for joint EU decision-taking on issues ranging from third-world co-operation, the environment and science and research, although not on education, health and workers' participation. Most Britons also support a common European defence policy, a common foreign policy and a European central bank, while rejecting a single currency and a more powerful European parliament.

The institute says that, faced with inevitable and large institutional changes in Europe's make-up, the UK has no power to prevent them. It warns that if the UK gives the impression of not wanting to go ahead with its partners, it could prove unable to make fruitful alliances in the bargaining process and end up without sympathy, trade-offs or concessions. "If, after looking into the abyss, it is clear that for Britain there is no alternative to the European Union, it follows that Britain will get the best deal from its partners if it joins positively in shaping the changes ahead."

On balance, the institute believes, longer-term forces point to a larger European Union of 30 countries or more and closer union in areas such as foreign policy, the environment and the economy. The trend is likely to result in EU institutions evolving into something with many of the characteristics of a European government and which could bring important advantages to all member states provided it is efficient and democratic.

Britain's participation in European monetary union will not be imposed by Brussels, but the UK has nothing to gain by pretending that a single currency will not happen, a senior member of the European Commission said yesterday, our Economics Editor writes. Mr Yves-Thibault de Silguy, the commissioner responsible for economic affairs, told the Royal Institute for International Affairs in London that next year's inter-governmental conference would not move the goalposts or push back the Maastricht treaty timetable for union – "so the choice facing the UK is real".

But, Mr de Silguy added, the decision could only be taken by the British parliament. "It is not something that will be imposed from Brussels, by the Council of Ministers or least of all the Commission." Britain had to continue working on preparation for a single currency, even though it has not yet decided whether to take part. "Inside or out, the single currency will have a significant impact on the UK."

UK NEWS DIGEST

Engineering workforce to be cut

British engineering companies are likely to shed thousands of jobs in the coming year as they struggle to compete with rivals outside Britain, the Engineering Employers' Federation warned. The federation predicted that about 8,000 jobs would be axed in the next 12 months. Engineering employment has grown from 1.742m in 1994 to an estimated 1.766m this year, but it is now expected to drop to 1.758m in 1996.

The federation also said output growth in engineering would slow, although it concluded that there was no imminent danger of a return to recession. Production is expected to rise 3 per cent over the next year, although performance is likely to vary widely from sector to sector. Computers and electronics are expected to do best, increasing production by 7 per cent. Aerospace equipment is also expected to perform strongly, with output rising 4 per cent.

The federation said jobs would have to be shed "because engineering firms will need to increase productivity to maintain cost competitiveness as foreign rivals are continually increasing their productivity".

Robert Chote, Economics Editor

Testing of car safety systems to be harmonised

Vehicle makers' efforts to ensure that electronic safety systems in cars work properly will be boosted by an EC directive, effective from January 1, setting out harmonised test methods, said the government's Transport Research Laboratory. The move follows concern that such systems can be affected by interference from equipment such as car phones. Mr Ian Simmons, the TRL project manager, dismissed reports that interference from phones had already been found to have caused accidents resulting from malfunctions of anti-lock braking. He said signal strength and frequency of car phones were inconsistent with such reports.

John Griffiths, Industrial Staff

Bonus for senior official to be reviewed

The bonus paid to head of the Meteorological Office for meeting accuracy and efficiency goals is to be reviewed because the agency's claims to have reached those targets were false. The Ministry of Defence said it was now "looking again" at the £8,000 bonus paid to Professor Julian Hunt, chief executive of the Met Office, which took his earnings to £84,000 ($132,720) in 1993-94.

Mr Richard Mottram, chief official at the ministry, said the bonus for this year would be reviewed in the light of a report by the National Audit Office, the watchdog on government spending. It found that the Met Office's claims to have met certain key targets were not justified.

Robert Shrimsley, Westminster

Jobs boost predicted for independent Scotland

Independence for Scotland would lead to the creation of several thousand jobs and boost the Scottish economy, says a study by consultants for the Scottish National party. Mackay Consultants, an economic consultancy based in Inverness, says jobs would be created as Edinburgh assumed the functions of a real capital city. Glasgow, the largest city in Scotland, would become the media centre and Aberdeen in the north-east would be the location for government officials and oil company staff now in London.

There would be 1,500 more government officials in Scotland in addition to the 11,000 now employed by the Scottish Office, the consultants say. These would service a parliament and ministries taking on functions from London. Embassies and international organisations located in Scotland would generate jobs, and employment would be created in broadcasting.

Altogether 4,500 jobs would be created. The consultants calculate – on the basis of small independent states such as Norway and Denmark – that a further 7,000 jobs could be generated as companies set up Scottish offices. Few companies would leave Scotland, they believe.

James Buxton, Edinburgh

Catalonia assembly is rejected as model

An assembly for Wales would be a "roomful of hot air", Mr William Hague, secretary of state for Wales, said in the House of Commons yesterday. He was reporting on his recent visit to Catalonia, where he met Mr Jordi Pujol, the long-serving head of the regional government there. Mr Ieuan Wyn Jones, an MP in the Plaid Cymru party, told Mr Hague: "President Pujol is directly elected by the people of Catalonia. That is in stark contrast to the position of you and your party who do not have a democratic mandate from the people of Wales. Plaid Cymru, which means Wales Party, is the Welsh counterpart of the Scottish National party and campaigns for an independent Wales.

Mr Hague retorted: "Wales can hold its head up very high in the world. We shouldn't ruin it with an unnecessary assembly, which would be a roomful of hot air." *PA News, Westminster*

Big increase expected in spending by tourists

Sunshine will continue to lure British tourists to other countries, hitting the UK's coastal resorts, but a rise in spending by incoming tourists will more than compensate, says Business Strategies (BSL), the economic forecaster. It predicts a 25 per cent increase to £48bn ($75.8bn) in tourism spending in the UK over the next decade. *Jenny Luesby, Industrial Staff*

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- *brief professional c.v.'s of people who are to play key roles in the performance of the task*
- *ideas concerning the organisation of financing for the investment (preliminary financing concept welcome)*
- *proposed contract for financial leader, together with a formula for determining remuneration and terms and conditions of payment*
- *forms and amount of material guarantees securing the organisation of financing for the entire project*
- *any other information regarded by the Bidder as being relevant to the offer*

Offers should be submitted in two copies in English, together with a translation into Polish (4 copies) and Russian (2 copies).

We have the pleasure to inform that an information package about EuRoPol GAZ and the investment project, which may facilitate the preparation of the offer, may be acquired at our Company. The price of the information dossier is 150 000 PLN (one hundred fifty thousand PLN). The dossier will be available in the seat of the Company, after the Bidder presents a written request, including a clause, according to which the Bidder commits himself to use the purchased materials exclusively for the preparation of the offer, three working days after a payment is transferred to our account in the Wschodnio - Europejski Bank, II Oddzial Warszawa, ul. Marzalkowska 77/79 00-683 Warsaw, POLAND, No.: 605029 - 15280 - 2511 - 1101.

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CONTRACTS & TENDERS

KUWAIT OIL COMPANY (KSC)

TENDER NO: S-T/1995/4

SALE OF SURPLUS EQUIPMENT

Kuwait Oil Company (K.S.C.) invites interested local and international Contractors and others who wish to participate in the above mentioned Tender for sale of Surplus Equipment on "AS IS WHERE IS" basis, in accordance with the "General Conditions for the sale of Surplus Equipment" contained in the Tender, to collect the Tender documents from Stores Department, Kuwait Oil Company, Ahmadi, Kuwait during Company normal working hours from Saturday 28th October, 1995 against the payment of KD. 230/– (Kuwaiti Dinars Two Hundred thirty only) per set, non refundable.

Bids shall be delivered by hand into the Tender Box at the above address between 0700 hours to 1500 hours on Saturday, 9th December, 1995. Late bids will not be considered.

Given below is a brief description of the items of Equipment offered for sale.

GROUP	TITLE	MANUFACTURER	TOTAL
1 to 10	Tractor Crawlers with Winches and Rippers	Caterpillar	51 Nos.
11 to 14	Excavator Crawler	Caterpillar, Gradall, Yutani RB Lincoln	16 Nos.
15 to 18	Crane Hydralic, Crawler & Truck Mounted	Link Belt, Grove, P&H & others	24 Nos.
19	Compactor Vibratory - Roller	Ingersol Rand	8 Nos.
20	Tractor Farm	Massey Ferguson	9 Nos.
21	Truck Garbage	GMC	5 Nos.
22	Loader Rubber Tired	Furukuwa, Bobcat, Case & Caterpillar	9 Nos.
23 to 26	Truck Flat Bed & Truck Boom	Chevrolet & GMC	32 Nos.
27	Backhoe Loader & Forklift	Case, Pettibone & Furukuwa	8 Nos.
28	Truck Tractor	Mack, GMC & Volvo, GM	5 Nos.
29	Backhoe Loader, Compact Earth Sheep Foot, Tractor Farm & Loader Rubber Tired	Case, Caterpillar, Massey Ferguson, Case, Furukuwa	8 Nos.
30 to 38	Trailers	Different Manufacturers	93 Nos.
39	Batch Plant	Hymo	1 Nos.
40	Pump Water Centrifugal 4000 GPM	Worthington	2 Nos.
41	Athey Wagon	Fabricated	51 Nos.
42	Scrap/Damaged Crane, Forklift, Truck & Trailers	Different Manufacturers	12 Nos.
43	Attachments, for Heavy Equipment	Different Manufacturers	113 Nos.
44	Vehicles	GMC	6 Nos.
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CONTRACTS & TENDERS

OFWAT

PROPOSAL BY THE DIRECTOR GENERAL OF WATER SERVICES

**for the modification of Condition C of the Instrument of Appointment of Water and Sewerage Undertakers in England and Wales
Section 13, Water Industry Act 1991**

INFRASTRUCTURE CHARGES

Background to proposals

Water and sewerage undertakers are permitted to make a charge whenever premises are connected for the first time to a water supply provided for domestic purposes, or to a public sewer.

These charges, which are governed by Condition C in each undertaker's Appointment or licence, have become known as 'Infrastructure Charges' and are separate from the expenses of making the connection.

Since 1 April 1995, the Standard Amount of each of these charges has been £200.

Proposed amendment

Condition C provides for the Standard Amounts of £200 to be increased in accordance with the annual change in the Retail Prices Index. The base year for that calculation is 1990. Since the Standard Amounts were revised with effect from 1 April 1995, it is proposed that the base year should be 1994, so that the annual recalculation will reflect recent, rather than historic, inflation.

Public consultation

Any representation about, or objection to, this proposal should be in writing (quoting LEG) and sent to the Director General of Water Services, Centre City Tower, 7 Hill Street, Birmingham B5 4UA (Fax 0121 625 1475) to be received by 5pm on Thursday 30 November 1995.

LEGAL NOTICES

In the High Court of Justice No 006411 of 1995
Chancery Division
Companies Court

IN THE MATTER OF
GREYHOUND GUARANTY PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 13th October 1995 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £300,000 to £100.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on 29th November 1995.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

DATED this 20th day of October 1995

Wilde Sapte
1 Fleet Place
LONDON EC4M 7WS
(Ref. LON/CL65724)
Solicitors for the above named Company

No. 003689 of 1995

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF
BOLTON GROUP PLC
AND
IN THE MATER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23rd October 1995 confirming the reduction of he capital of the above-named Company from £3,000,000 to £1,114,867.45 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 23rd October 1995.

DATED this 31st day of October 1995

LAWRENCE GRAHAM
190 Strand
London WC2R 1JN
Solicitors for the above-named Company

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FT FINANCIAL TIMES

TECHNOLOGY

Vaccine with DNA

Gene therapy is being extended to vaccination. Apollon, a small US biotechnology company based in Pennsylvania, has signed a collaborative agreement with American Home Products, the pharmaceutical group, to develop DNA-based vaccines for viruses including HIV, herpes and papilloma.

Traditional vaccines consist of killed or weakened germs. Newer vaccines contain parts of the germ known as antigens that can stimulate an immune response against infection.

In contrast, Apollon's Genevax technology involves injecting the genes that code for viral antigens, rather than the antigens themselves, into the patient. This DNA is taken up by muscle cells, which produce the corresponding antigens.

Until recently, many scientists doubted whether DNA injection would work, because the human cells would not make enough of the viral antigens to protect the patient. Apollon and its collaborators have addressed this problem by adding chemical "facilitating agents" that enhance both the uptake of DNA and the production of antigens: the facilitating agent incorporated in the first generation of products is bupivacaine, a well-known local anaesthetic.

The technique appears to work because the facilitating agent stimulates the growth around the injection site of new muscle cells.

According to Apollon, the main advantage of DNA vaccination is that the human cells produce viral antigens in a way that stimulates both arms of the immune system – antibodies and cells. Direct vaccination with viral antigens, on the other hand, may stimulate antibodies without the killer T-cells required to fight infection.

The first Genevax product, a vaccine against HIV, recently started clinical trials. Other early targets include T-cell lymphoma (a form of cancer), papilloma virus (which causes genital warts) and herpes.

Clive Cookson

Back numbers: the Stargazer TV guide lists the four-digit sequences which viewers select to access programmes

Call and see

The US telephone industry, wary of deregulation, is turning to interactive TV, reports **Deborah Shapley**

The Stargazer TV guide is the latest arrival on coffee tables in suburban Fairfax, Virginia. With a shooting star streaming up from the title, the magazine is meant to herald the TV revolution being attempted by America's telephone industry.

Stargazer takes its name from the interactive TV produced by Bell Atlantic Video Services, a subsidiary of Bell Atlantic, a leading US "bell" or regional telephone company. For the past few months about 1,000 Bell Atlantic phone customers have been trying out the Stargazer service in which the company has invested more than $100m (£63m). Like other telephone operators, it hopes the service will produce a new source of revenue for the day when markets are deregulated and the cable and long distance telecoms companies invade local phone markets.

A few years ago, telecoms providers were optimistic that interactive TV would quickly win millions of viewers. They announced ambitious plans to pipe interactive services into living room televisions, upgrading lines with fibre.

With a low monthly fee and pay per-view charges they believed they would win customers from cable TV, video rentals and home shopping services. Several telcoms companies launched regional trials of interactive TV, as did cable companies who saw a similar opportunity if they deployed a hybrid of fibre and coaxial cable to add to the bandwidth needed for interactive services. Telecoms companies believe they are well placed to capitalise on this new form of television, compared with cable companies which have a patchy reach into local markets and a reputation for poor customer relations.

In recent months forecasts of prospective viewing figures have been downgraded and telecoms companies have slowed down their fibre-laying programmes. Dataquest has lowered its estimate of the number of homes to be "passed" by fibre by 1999 from 20m to 8m.

Even market leader Bell Atlantic says it will not meet its target to extend fibre to 1.2m homes by the end of this year, although it is still hoping to reach 8m by 2002.

Pacific Telesis, another regional bell, recently said it would delay extending fibre in its big southern Californian market. It will use its acquisition of Cross Country Wireless, which has radio towers and broadcast licences in the region, to offer cable wireless television there. Meanwhile, it will continue extending fibre in its northern market around San Francisco.

However, some industry analysts argue that American households, 60 per cent of which pay monthly fees for cable television, are unlikely to provide sufficient new revenue to cover system costs. Extending fibre outwards from trunk and branch lines is costly and slow. Other technologies, such as interactive direct broadcast satellite television, could reach a significant number of homes first. None the less, some of the large telecoms companies are convinced they can revolutionise home TV and make it pay.

Bell Atlantic has been one of the most aggressive. Stargazer viewers choose what they watch and plan their viewing around busy schedules. At BVS's partly built headquarters in nearby Reston, Larry Plumb, a company spokesman, clicks the remote wand to turn on a television. "This has to be something my grandmother can figure out in a few minutes," says Plumb. Stargazer's opening screen displays a choice in each corner: Entertainment, Learning & Lifestyles, Kids' Zone, and Marketplace.

The viewer enters a personal identification number, which tells BVS's central computer who has logged on. The pin number can be coded by parents to block programmes they deem unsuitable for children. The system allows a programme to start as soon it has been selected, unlike "near video on demand", where viewers must wait for a programme to run in a pre-arranged time slot.

Thousands of viewers are able to call the same programmes at once, through BVS's technique of striping the same data on several disks. Advanced switching – asynchronous transfer mode technology – will allow video, data and other material to be sent at varying speeds to thousands of users at the same time.

A click on one of the four corner icons brings up a list of current offerings. Each title shows a four-digit shortcut number, which is also listed in Stargazer. A viewer who wants to watch the movie Lawrence of Arabia can punch in 3613 to start it up instead of surfing through the menu screens first.

Interactive TV services being tested by other companies, such as Time Warner Cable, offer more limited entertainment schedules.

BVS is hoping that entertainment will be the "killer application" that will get interactive TV into US homes. In the Fairfax trial, viewers get standard-looking television via coaxial cable and copper wires to the home: viewers must live near the Bell Atlantic switching station to get the signal. Bell Atlantic is ahead of other regional telecoms in laying fibre to give full motion digital video images. Until fibre is laid it plans to offer a cable-like TV service and a version of Stargazer.

While the regional bells are testing interactive services locally, they are forming alliances to be able to mount a national service. Bell Atlantic has teamed with Nynex and Pacific Telesis in a venture called TeleTV.

Stargazer viewers choose from 700 programmes a month. All 700 offerings, stored digitally, play from a single NCube2 parallel supercomputer at the BVS headquarters while the following month's list is loaded on to an adjacent machine. The company has a digital library of 2,000 shows.

Clicking on Stargazer's Entertainment icon one can download a hit movie for $3.29 per viewing. The Marketplace leads to a virtual shopping mall and the viewer orders not by clicking on the remote but over the telephone. The line can be used even as the phone wires to the house are downloading video into the television.

Some attempts at interactive TV services have failed because of system glitches or viewer boredom. However, Bell Atlantic says buy-rates of Stargazer offerings in the Fairfax trial are higher than predicted. It plans to give detailed results of the trial soon.

Cars safe from phone threat

New designs have all but ruled out interference, reports **John Griffiths**

In the centre of Rover Group's 1,000-acre research centre and test facility at Gaydon in Warwickshire stands a windowless building about 15 metres square. Its walls are one metre thick. Anyone still inside when the switches are thrown risks being "cooked" by microwaves. For eight years it has been in the front line of the motor industry's efforts to produce "intelligent" cars whose electronic systems are not vulnerable to electro-magnetic interference.

Inside, cars are bombarded with radio waves ranging from 10kHz to 1GHz, thus simulating just about every variety of interference likely to be encountered, from mysterious defence installations to the mobile phone, about which media alarm bells were ringing this weekend.

Ian Simmons, project director of the UK's Transport Research Laboratory, is closely involved with compiling a soon-to-be published European Commission policy report on electro-magnetic compatibility (EMC) issues.

Yesterday, he dismissed reports that mobile phones faced a possible ban by disrupting cars' on-board electronic systems. Their signal strength and the wavelength on which they operate were insufficient and inappropriate to cause problems.

"I know of no case where any mobile phone has caused interference of a nature to threaten a car's electronic systems," says Simmons.

Ten years ago, however, with electronic-based safety-critical systems such as anti-lock braking only just being introduced into cars, scientists were not so sure.

This need to investigate whether electro-magnetic fields – generated not just by mobile phones but other communications equipment – could disrupt the proper functioning of these increasingly complex systems was one of the prime reasons for Rover, now owned by BMW, investing in the Gaydon EMC chamber. It was the first in Europe but, such is the importance of EMC to modern car design, chambers have now been installed by most big vehicle producers.

Research carried out within the chambers has already produced great progress in dispelling some of the dangers which could arise – unprompted activation of cruise control, malfunctioning of fuel injection and other engine systems – from interference.

Design changes have all but ruled out such interference, for the time being, according to the Transport Research Laboratory. Where isolated incidents have occurred, they have involved a car passing close to an unusually strong source of emanation, such as a highly active microwave tower; or, in terms of equipment carried on board a car, when a vehicle has passed high-powered transmitters/receivers sometimes used by police and emergency services.

The Department of Transport became aware of the mobile radio problem several years ago, since when suppression systems and improved vehicle immunity to interference at the design stage have solved most of the problems.

Cars of the future, however, will electronically be even more complex, with safety-critical features such as electronic steering and collision avoidance. Ensuring electro-magnetic compatibility, therefore, will become even more important and difficult to attain.

One past difficulty with lessening vehicle vulnerability, however, has been the lack of uniform standards in major vehicle-producing areas. The only EU Commission directive on the subject drawn up a decade ago stated that vehicles should not be adversely affected by interference or generate signals that could interfere with others. It gave no directions on how to test for EMC or what strength of signals should be tested.

From January 1 that will change. A new Commission directive will come into force which will set out test methods and define the levels of field strength within which vehicles must be able to operate successfully. The industry is already well aware of the standards and recently has been testing at levels in excess of the minimum requirements.

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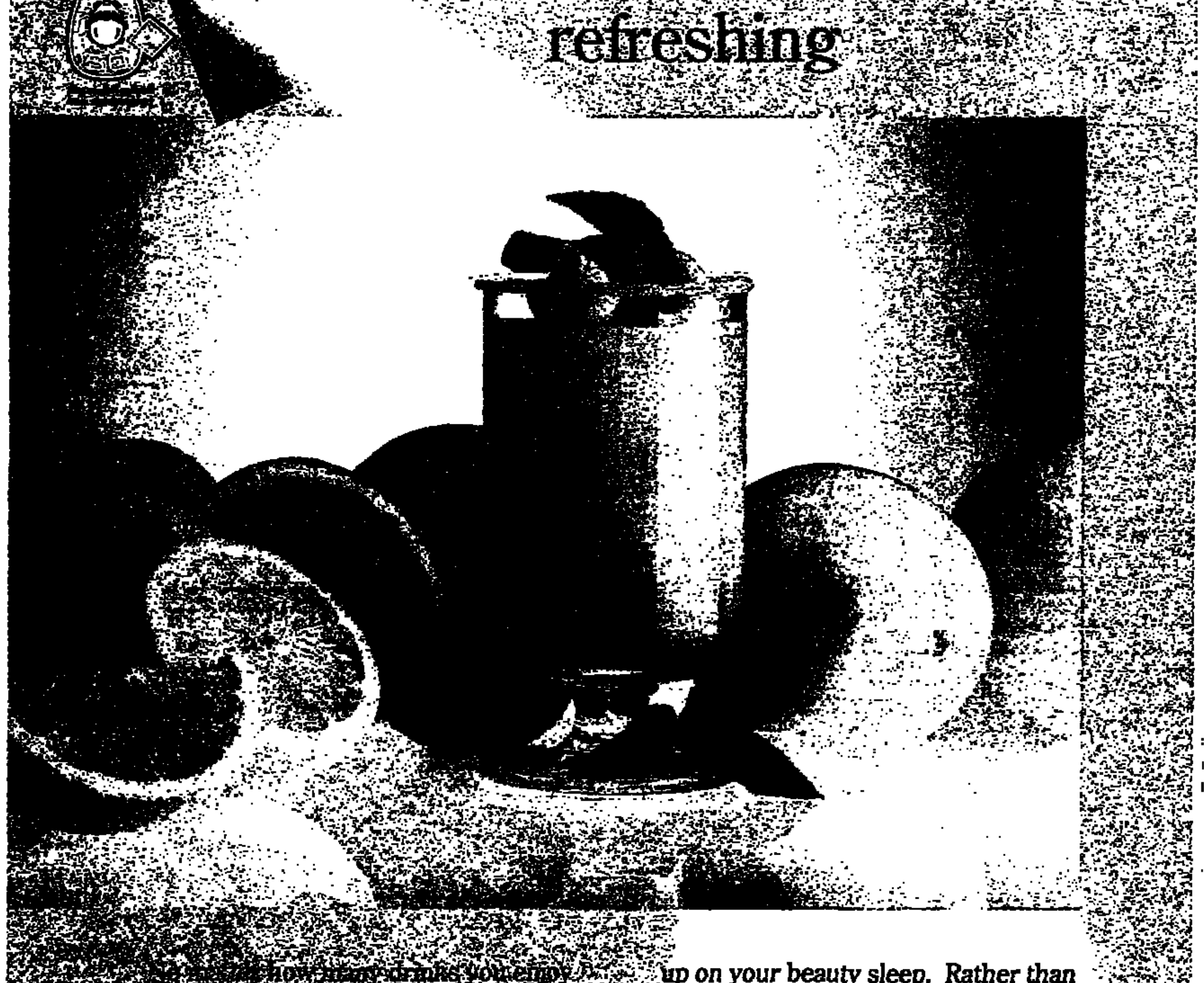

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ARTS

A sense of discovery

William Packer welcomes American enthusiasm for British art

It is a truth universally acknowledged, that any man possessed of a good fortune may spend it on what he likes. The whole point of a personal collection, after all, is not that it should be representative but, that it should be personal. And to dwell on its gaps, shortcomings and eccentricities of taste and judgment – in short, to compare it with one's own dream collection – is as gratuitous as it is irresistible.

The collection of British art, put together by two enthusiastic Americans, Robert D. Summer and his wife, Susan Kasen Summer, is indeed personal, arbitrary, and eccentric. This is their second major collection, begun in the *mid-1980s*, and the Summers tell us that "the pictures... were again selected without a defined thematic aim. Our decision to focus exclusively on British painting was based on nothing more specific than the desire to collect what we considered to be the best in contemporary painting." Although their collection is extensive enough in scope to offer more than a hint of representative intention, it is excused at once by this artless disclaimer.

That they should feel that that best is British is indeed a great compliment to us. Some of us have been saying for years that British painting at large, and figurative painting in particular, has been sorely neglected by our national institutions and agencies. If it takes two private Americans to administer a corrective, well, good for them.

In broad terms, their collection is centred upon expressionist painting of the past 20 years or so, mostly by the younger and now middle generations of artists and most of it figurative, though with a significant leavening of abstraction. It is underpinned by an historical element, going back beyond the contemporary to the modern painting of the earlier 20th century.

The difficulty is, of course, that by its very presence this historical element does indeed present that representative aspect to the collection in spite of all disclaimers. And the better the work, and the more the senior artists assert their presence, the worse the problem becomes. The inadequacy of much of the work of the younger artists is exposed by direct comparison, and the gaps yawn.

With Sickert included, for example, and Matthew Smith, Mark Gertler and David Bomberg, where, one wonders, are Stanley Spencer, Augustus John, Wilson Steer, Ambrose McEvoy, Ivon Hitchens? And with Hockney and Hodgkin there, and Auerbach and Kossoff, Rego and Willing, is there also a Freud in the cupboard, or a Bacon, or a Tilson? Along with Carel Weight, what about other Royal Academy expressionists, such as Anthony Eyton, Anthony Green and Norman Adams? There is Maurice Cockrill, John Walker and Ken Kiff, but no Maggi Hambling, no Karl Weschke.

And with John Bellany from Edinburgh and the younger Glasgow school of the 1980s – Campbell, Wiszniewski, Currie and Howson, Alison Watt and Jenny Saville – is there anything of the historic Scottish School from which they sprang, from Peploe and Cadell, Gillies and Redpath to Elizabeth Blackadder? The catalogue, under one of its headings, speaks of "extending pure abstraction". Sean Scully is there, and Hugh O'Donnell, but then what about Alan Green, Edwina Leapman, Basil Beattie, Albert Irvin, Bridget Riley...?

I pass on such questions, only because they ask themselves. The point is that there is so much of such high quality in modern British painting that, ungrateful though it may seem, the question one must ask of the Summers is that, having come to it all so lately and generously, do they know of the treats they still have in store, most especially from artists now well past 50?

For the sense is of personal discovery still taking place, and of an enthusiasm undiminished. For me there may be too many things from the younger contingent that are technically inadequate, badly drawn, overstretched and over-ambitious, and not enough founded in direct observation. But such failings are more than outweighed by the many splendid paintings, from John Greenwood's mischievous "Love Machine", Bellany's huge recent composition, "Ancestors", to Paula Rego's suggestive "Cadet and his Sister", and the vast fantastical still-life beside it by her late husband, Victor Willing. We have lately seen too little of Therese Oulton and John Walker, both strongly represented. So too are Auerbach, Weight and Kossoff. Kevin Sinnott is always interesting. The late Bombergs are magnificent. So much to see, so much to do. The Summers must not stop now.

■ An American Passion – the Summer Collection of Contemporary British Painting: the Royal College of Art, London SW7, until December 3. Sponsored by British Airways, Henderson Boyd Jackson Solicitors, and Unilever.

So much more to see: 'The Cadet and his Sister' by Paula Rego from the Summer Collection

Theatre/Simon Reade

Cyrano in India

In the past, Tara Arts has taken imaginative leaps with its irreverent reworkings of European classics into an Asian context. But the company's new *Cyrano* at the National just does not have enough imagination to illumine beyond the initial premise. Edmond Rostand's turn-of-the-century French drama about the unrequited love of the big-nosed poet, wit, soldier and raconteur, has been moved to India in the 1930s, to the worlds of theatre and Bollywood.

You need not make comparisons with the original play, so long as this new version works in its own right. It does not. It loses its central dramatic urge. Christian (Krishan), the young man on whose behalf Cyrano woos Roxane (Rukhsaan) with poetic letters and beneath balconies, are now actors in rival theatre troupes. Cyrano is not a musketeer but a prompter, "a back-stage wallah with such haughty ways".

The conceit hardly inspires adaptor Jatinder Verma and versifier Ranjit Bolt. They write in what they call "Binglish", slipping into a variety of Indian languages within the predominantly English text. Having given themselves the liberty to be culturally eclectic they nearly have Cyrano cornily reciting "Oh that this too too solid nose would melt", or Krishan dipping into *Othello* to stage his suicide while the cameras roll. It is disappointing because Verma's work as Tara Arts' artistic director has been exciting in the past and Bolt the translator is the supreme swashbuckler of the French couplet.

The most ironic moment of all comes in a set-piece, conceived as a robust defence of the magic of theatre against the reality of cinema, but embarrassingly comes across as feeble theatricality, prosaically written and over-acted. It makes you cherish the French costume film with Gerard Depardieu which uses Anthony Burgess' blazingly witty translation (we have laughed at subtitles for the *right* reason).

Anuradha Kapur's unsure production is played in a yellow circle on a turquoise floor beneath a bandstand of light bulbs which also looks like a clumsy spaceship, an ugly carousel, a useless metal limpet, but never anything particularly edifying.

The most charismatic man on stage is present-day Bollywood idol, Naseeruddin Shah. Yet even he seems jaded in his enthusiasm, playing Cyrano with cool self-reflection. His is a sapping energy for which the rest of the impish cast over-eagerly compensate. There is also a problem with Rukhsaan, who is too suburban to capture the heart of Cyrano. So you wonder, misleadingly, whether Cyrano is more in love with his words than he is with the girl?

Cyrano's tragedy is summed up in film terms: "A sentimental romance that never was; we're suckers, all of us, for that grand theme." Well, the grand theme seems to have daunted the makers of this version, sucking their passion dry. No amount of protestation about "the dazzling words that weave a magic spell" will convince us that they do, or that this *is* anything other than a sentimental romance that never was.

In repertory at the National Theatre and on tour in England until end January 1996; touring India February 1996 (RNT Box Office 0171 928-2252).

Opera/David Murray

Heart-felt 'Jenufa'

For Opera North, Tom Cairns has made a new production of Janáček's *Jenufa* that already does everybody credit. There are attractive young singers as the younger principals, the splendid Josephine Barstow in the crucial role of the Kostelnička, and ageless Pauline Tinsley as Grandmother Buryjovka. With Paul Daniel conducting, the opera carries its usual heart-wrenching force.

Cairns sets the action out lucidly, with plausibly Czech choreography by Aletta Collins for the village dances. He is his own designer, too: the silhouette of a baby's coffin is central to the set of every act, and actually encloses the wedding in Act 3. Moravian costumes, not too fussily quaint; some striking use of shadows, and suitably expressionist lighting (Wolfgang Göbbel) for crises.

Among the unlucky young trio, the American soprano Stephanie Friede looks fragile and pretty, and sings with increasing confidence. There is a touch of artful chic about her earlier airs and graces that could usefully be lost. Her Steva is the upstanding Neill Archer, a feckless golden boy – in a style more English than East European, probably, but it does not hurt.

Laca, the unfavoured stepbrother, is surely a creature of resentment: Julian Gavin makes him more a plaintive, rumpled, overgrown boy, without a hint of latent violence. This portrait develops so well and so touchingly, however, with his tenor acquiring unexpected strength, that we positively see him growing into his better self. As for Miss Barstow's Kostelnička – well, the dour heaviness of the part is not in her range; but what nerve-end truth she brings to it, what agonised precision! She is a marvel. None of the many smaller roles is caricatured; for once there is no stagey peasantry.

Daniel is nervy and searching with the score. On the first night, it seemed to go in small, vivid sections, each anxiously characterised (and sharply played), but sometimes discontinuous. I have no doubt that he will find a longer breath for the whole. All the parts are ready in place. With the serene catharsis at the end, one felt morally improved; a good *Jenufa* always does that. And it was interesting to realise that Janáček was making so much of "minimalist" techniques, a half-century before some Americans discovered that they could also be used to no particular purpose at all.

David Murray

Further performances in Manchester, Nottingham, Hull and Sheffield till November 9, then Leeds *Grand Theatre* November 14-18.

Millennium funds the Bankside Tate

The Millennium Commission yesterday designated a new Tate Gallery of Modern Art on London's Bankside as one of its 12 landmark projects for the millennium and awarded the Tate £50m towards the estimated £106m cost of the development.

This makes the opening of the new gallery in 2000 a virtual reality. Private fund raising has been in progress for nine months with encouraging results.

The Tate Gallery of Modern Art will show around 1,000 masterpieces of 20th century art, including some of the 85 per cent of its holdings which are currently in the vaults. The Tate Gallery on Millbank will return to its original role, as a museum of British art. The great British artists of the 20th century – Moore, Hepworth, Bacon, Nicholson – will hang in both galleries.

Sitting alongside Nick Serota, director of the Tate, when he announced the coup yesterday was Jeremy Fraser, leader of Southwark Council, which has already contributed £1.5m to the project. He welcomed the 2,500 jobs that would be created by the gallery, which is expected to attract 3m visitors a year.

The award to the Tate is no surprise. London very obviously lacks a museum of modern art and the abandoned Bankside power station offered an attractive site in a depressed area of London. The Swiss architects, Herzog and de Meuron, have already been appointed to re-design the building: the chimney will be preserved to provide the highest observation tower in London.

The south bank of the Thames seems set to be the new cultural focus of the capital. Earlier this month the Arts Council confirmed a £12.4m grant for the completion of Shakespeare's Globe, and last week the Royal Opera House announced that it was moving into a new theatre at Tower Bridge during the two years in which Covent Garden is being redeveloped. The ICA also hopes to move to the area, and there are plans for a new pedestrian bridge across the Thames, linking Bankside to the City.

Private patrons across the world are being approached for donations to the new museum, which will be divided into five chronological sections. For around £10m benefactors can buy immortality by having galleries named after them. The hunt is also on for major works of art, notably by the German Expressionists and the Cubists, to plug the gaps in the Tate's collection.

Antony Thorncroft

Ballet

Dance staged to perfection

Siobhan Davies has been making choreography for nearly 25 years. In one of her very earliest pieces, *Pilot*, she showed us a group of stranded travellers, waiting – as how many dancers have waited – resignedly for the next train or 'plane. The movement was clear, and so was the human feeling. What impressed then, as ever since, was the fine-boned elegance – also Davies' quality as a dancer – with which the dance told its tale. Her subsequent work could always be called "stylish", in taste as in clarity of expression. At worst dances might sometimes look contrived, as if sentiment had dried up and form was all that remained. At best – and in recent years we see her at a stunning best – her formal skill is matched by physical richness that speaks of a talent secure, generous.

In two performances at Sadler's Wells last week, her company presented two latest works: 1994's *Wild Translations* and *The Art of Touch* made this season. Both tell how sensitive is Davies' response to her score. Both show with what subtlety she transmutes feeling into dance, with nothing blatant, everything pertinent. I thought them magnificent.

Wild Translations uses Kevin Volans' fifth string quartet, a tough, vivid score which incorporates sounds from African country life – bird song, village noise. A large mesh shape by David Buckland hangs over the stage, slowly turning, like a space-ship pretending to be a punkah. The seven fine dancers of Davies' troupe explore a text in which movement ideas echo and pass on, are transformed and return in new guise. The choreography is not "about" Africa, yet it is, in that we sense how attitudes in life, human and animal, and how climate and place, may be evoked. The piece operates, like Volans' music, partly as memory, partly as abstraction. (One short sequence finds dancers standing, hands on hips, elbows faintly moving, like birds at rest). Throughout, the choreography holds the eye, catches at the mind, and delights. It is a grand work, grandly danced.

For her new *Art of Touch*, Davies has turned to five of Domenico Scarlatti's harpsichord sonatas and to Matteo Fargion's contemplation of Scarlatti's manner in his *Sette canzoni*. A splendid set of gleaming golden panels by David Buckland, and dowdy costumes (low-waisted black pvc bodices do nothing for a girl's shape) by Sasha Keir, frame movement demanding great virtuosity – a demand handsomely met.

Each sonata seems a portrait of a personality, a sketch of an emotional situation: a woman frenetic; lovers at odds; a group using sign language to communicate; speed and tensions abounding. The thrilling pace of Scarlatti's sonatas inspires movement no less glittering with energy – Amanda Britton seen as a woman taut with emotion and ill-supressed anxiety. Fargion's contemplative writing is matched by more "interior" action. And as the dance flies and splinters and re-forms, as bodies are impelled by fortissimi, we delight in the assurance of Davies' writing (like Scarlatti, she makes no concessions to her interpreters) and in the fleet excellence of her cast.

Her dancers are Amanda Britton, Gill Clarke, Sean Feldman, John Kilroy, Paul Old, Catherine Quinn, Deborah Saxon, and they are quite marvellous. The lighting by Peter Mumford for *Wild Translation* and by Ian Beswick for *Art of Touch* is vitally good: the two works are luminous. The Volans score was splendidly played by the Duke Quartet. The programme is a most distinguished example of how to stage dance.

Clement Crisp

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

OPERA/BALLET
Het Muziektheater Tel: (020) 551 8922
● The Flying Dutchman: by Wagner. Conducted by Graeme Jenkins and directed by Richard Jones. Soloists include Harald Stamm, Karen Huffstodt, Mark Baker and Hebe Dijkstra; 8pm; Nov 4, 7

■ BALTIMORE

CONCERTS
Baltimore Museum Tel: (410) 396 6310
● American Art Posters from Turn of the Century: an insight into the American way of life through advertising posters; from Nov 1 to Dec 31

■ BRUSSELS

CONCERTS
Beaux-Arts Tel: (02) 507 8200
● Belgian National Orchestra: Yuri Siminov conducts Rachmaninov, Medtner and Sibelius; 8pm; Nov 3
Conservatoire Royal de Musique Tel: (02) 675 5414
● Peter Donohoe: pianist plays Prokofiev's Sonata's six, seven and eight; 8pm; Nov 6

■ FRANKFURT

CONCERTS
Alte Oper Tel: (069) 134 0400
● City of Birmingham Symphony Orchestra: Sir Simon Rattle conducts Beethoven's "Symphony No.1" and "Symphony No.3"; 8pm; Oct 31

■ LONDON

CONCERTS
Royal Opera House Tel: (0171) 304 4000
● Manon: directed and choreographed by Kenneth Macmillan to the music of Massenet and conducted by Barry Wordsworth; 7.30pm; Nov 1, 2, 7
● Swan Lake: choreographed by Marius Petipa and Lev Ivanov. Vikotor Fedotov/Anthony Twiner/ Barry Wordsworth conducts Tchaikovsky; 7.30pm; Nov 3, 4 (7pm), 6
GALLERIES
Hayward Tel: (0171) 261 0127
● Art and Power: examination of the relationship between art and politics in 1930s and 1940s Europe where culture became an arena for the struggle between communism and fascism; to Jan 21
Serpentine Tel: (0171) 402 0343
● Big City, Artists from Africa: sculptures, drawings, images and objects by contemporary artists from several African countries; to Nov 5
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● The Barber of Seville: by Rossini. Conducted by Jane Glover and directed by Henry B. Little from the original direction by Jonathan Miller. Soloists include Alan Opie, Jean Rigby/Fiona James, Charles Workman and Gordon Sandison; 7.30pm; Nov 2, 4
● The Fairy Queen: by Purcell. A new production conducted by Nicholas Kok and directed by David Pountney. Soloists include Yvonne Kenny, Janis Kelly, Mary Hegarty and Yvonne Barclay; 7.30pm; Oct 31; Nov 3
Royal Opera House Tel: (0171) 304 4000
● Götterdämmerung: by Wagner. A new production directed by Richard Jones and conducted by Bernard Haitink. Soloists include Deborah Polaski, Vivian Tierney, Jane Henschel and Judith Howarth; 4.30pm; Oct 31
THEATRE
Donmar Warehouse Tel: (0171) 369 1732
● The Glass Menagerie: by Tennessee Williams, directed by Sam Mendes. Cast includes Zöe Wanamaker and Claire Skinner; 8pm; to Nov 5
National, Cottesloe Tel: (0171) 928 2252
● Richard II: by William Shakespeare. Deborah Warner's new production featuring Fiona Shaw as the king; 7pm; Oct 31; Nov 1 (1pm)
● Skylight: by David Hare. Directed by Richard Eyre and starring Michael Gambon and Lia Williams; 7.30pm; Nov 2, 3, 4 (2.30pm), 6, 7 (2.30pm)
National, Lyttelton Tel: (0171) 928 2252
● La Grande Magia: by Edouardo de Filippo in a translation by Carlo Ardito. Richard Eyre directs Alan Howard and Bernard Cribbins in de Filippo's comedy; 7.30pm; Oct 31; Nov 1 (2.15pm), 2

■ MUNICH

GALLERIES
Kunsthalle der Hypo-Kulturstiftung
● Felix Vallotton: retrospective of the Swiss-born Nabis group member; to Nov 5
OPERA/BALLET
Bayerische Staatsoper Tel: (089) 22 13 16
● Anna Bolena: by Donizetti. Conducted by Fabio Luisi and produced by Jonathan Miller. The cast includes Edita Gruberova, Vesselina Kasarova, Anne Salvan and Roberto Scandiuzzi; 7pm; Nov 2, 6

■ NEW YORK

CONCERTS
Carnegie Hall Tel: (212) 247 7800
● Argerich and Kremer: pianist Martha Argerich and violinist Gidon Kremer; 8pm; Nov 1
● Beaux Arts Trio: all-Beethoven programme; 8pm; Nov 2
● Orchestra of St. Luke's: with soprano Barbara Hendricks. Bernhard Klee conducts Schubert and Mozart; 8pm; Nov 4
GALLERIES
Guggenheim Soho Tel: (212) 423 3500
● Dieter Appelt: retrospective with more than 60 paintings and sculptures; to Nov 5
OPERA/BALLET
New York City Opera Tel: (212) 307 4100
● La Bohème: by Puccini. A new production conducted by Christopher Keene and directed by Graziella Sciutti; 8pm; Nov 2, 5 (1.30pm)
● Temple of the Golden Pavilion: by Mayuzumi. A new-production directed by Jerome Sirlin and conducted by Christopher Keene. Based on a novel by Yukio Mishima in an English translation by Christopher Keene; 8pm; Nov 3
● The Magic Flute: by Mozart. Conducted by Randall Craig Fleischer and produced by Lotfi Mansouri; 1.30pm; Nov 4
● Turandot: by Puccini. Conducted by Guido Ajmone-Marsan and produced by Jonathan Eaton; 8pm; Nov 1, 7 (6.30pm)

■ PARIS

CONCERTS
Champs Elysées Tel: (1) 49 52 50 50
● Festival Orchestra of Brescia and Bergamo: with pianist Zoltán Kocsis. Iván Fischer conducts Bartók's "Concerto for Piano and Orchestra No.2"; 8.30pm; Nov 7
● Festival Orchestra of Budapest: with pianist Zoltán Kocsis, mezzo-soprano Ildikó Komlósi and bass Kolos Kováts. Iván Fischer conducts Bartók's "Concerto for Piano and Orchestra No.1"; 8.30pm; Nov 6
● French National Orchestra: with violincellist Mstislav Rostropovitch. Georges Prêtre conducts Berlioz, Fauré, Saint-Saëns, Messaiaen, Honnegger and Schmitt; 8pm; Nov 4
● Orchestra du Gewandhaus of Leipzig: Kurt Masur conducts Strauss' "Metamorphoses" and Beethoven's "Symphony No.3"; 8.30pm; Nov 3
OPERA/BALLET
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Eugène Onégin: by Tchaikovsky. A new production produced by Willy Decker and conducted by Alexander Anissimov. Soloists include Gerlinde Lorenz, Solveig Kringelborn/Galina Gorchakova, Anthony Michaels-Moore; 7.30pm; Nov 4
● Les Variations D'Ulysee: a new production choreographed by Jean-Claude Gallotta to the music of Jean-Pierre Drouet; 7.30pm; Nov 6

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● Bolshoi Symphony Orchestra: with pianist Boris Berezovski. Peter Feranech conducts Tchaikovsky and Sibelius; 3pm; Nov 5
● National Symphony Orchestra: with violinist Laurence Kayaleh. Leonard Slatkin conducts Mumford, Hartke, Bruch and Mahler; 8.30pm; Nov 2, 3, 4, 7 (7pm)
OPERA/BALLET
Washington Opera Tel: (202) 416 7800
● Luisa Miller: by Verdi. Conducted by Richard Buckley and directed by Christopher Mattaliano. Soloists include Veronica Villarroel, Lando Bartolini, Haijing Fu and Gabor Andrasy; 8pm; Nov 4 (7pm)

WORLD SERVICE

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Hong Kong business is adapting for 1997, says **Simon Holberton**

Crash course in Chinese

When Mr Paul Selway-Swift took charge of Hongkong Bank's business in Hong Kong and China seven years ago he had six executives – all expatriates – reporting to him. Today he still has six executives reporting to him, but four are Chinese.

And when Arthur Andersen, the accountancy firm, recently ran a tax seminar in Hong Kong for senior financial executives of big companies, only five participants out of 150 were expatriates. "Not long ago half would have been," says Mr Allen Aw, the firm's Hong Kong managing partner.

With less than 21 months to go before Hong Kong reverts to Chinese sovereignty, companies – especially the old British ones – are moving on many fronts to reposition themselves for the change of landlord. The most visible change is in personnel.

"Everyone wants top-level Chinese executives. The days of the expats are gone," says Mr Selway-Swift. "The people who will now attract the big salaries are ethnic Chinese executives who are well qualified and have good management experience."

Mrs Nellie Fong, an adviser to the Chinese government and tipped for high office in the post-1997 Hong Kong administration, agrees. "If expats have technical skills we need, they will still be welcome. But if they have equal skills to a Chinese then people will ask: 'Why do we need them?' In the past just because you were British you got preferential treatment. Those days have gone."

As part of the adjustment for 1997, companies are belatedly rushing to improve their managers' knowledge of China. In the quiet precincts of Tsinghua University in Beijing, executives from Hongkong Bank, Hongkong Telecommunications and Swire – the British trading hong whose history is inseparable from British rule in the colony – are learning about China and how it works.

At a five-day seminar last month, senior executives from the Swire group, including Mr Peter Sutch, chairman, and Mr Rod Eddington, managing director of Cathay Pacific, attended lectures on subjects ranging from the Chinese economy and tax reforms to Chinese music and architecture.

"We've taken the view for some time that the more people who work for the Swire group can spend time in China the better," says Mr Eddington. "I think that if you live and work in Hong Kong and intend to stay here beyond 1997, then you have to know about China."

Glyn Genin

Personnel progress: the days of the expat expert are ending

Hongkong Bank, which has been sending executives to Tsinghua since the start of the year, has undergone a similar revolution in attitudes. "We feel that knowledge and understanding of China should not be a specialist skill in the bank as it used to be," says Mr Selway-Swift. "Most of our account executives used to visit companies in Kwun Tong [in Kowloon]; now they go to the Pearl River and beyond, deeper into China."

'The people who will attract big salaries are ethnic Chinese who are well qualified'

Both Hongkong Bank and Swire also claim that the courses at Tsinghua help their executives build contacts in China among influential academics and politicians.

Another way of making contacts – *guanxi* in Chinese – is to hire the children of senior Communist party officials, or "princelings" as the Hong Kong press calls them. This was the course taken by Hongkong Telecom, a company controlled by Cable & Wireless.

One of the first decisions taken by Mr Linus Cheung, an ex-Cathay Pacific high-flyer who took over as chief executive of Hongkong Telecom at the beginning of 1994, was to hire Mr Lu Gang, son of Mr Lu Ping, Beijing's ailing top official in charge of Hong Kong affairs. Mr Lu junior now represents Hongkong Telecom in Beijing where, the company says, he has become a valued manager.

Such appointments are not without risks. "I can see that a person like him may have a role to play," says Mr Robert Broadfoot, managing director of Political & Economic Risk Consultancy. "But they have their limitations and are not the answer to everything. *Guanxi* may help for short-term deals, but for projects requiring a large capital commitment, relying on *guanxi* is not the basis of a viable long-term strategy. Today's contacts may not be around tomorrow."

Many local companies have seen greater profit in participating in visible – and relatively cheap – quasi-charitable ventures which they hope might endear them to the incoming sovereign power. This month, 20 top businessmen, among them Mr Li Ka-shing, the billionaire property developer, stumped up HK\$100m (US\$13m) to fund the Better Hong Kong Foundation.

Mrs Fong, whose close ties to Beijing made her the ideal choice to head the foundation's executive committee, says it was established to counter the poor publicity Hong Kong's transfer to Chinese rule was receiving at home and abroad. It will ensure that people in future receive a "correct" view of Hong Kong as a good place to do business, she says.

British companies such as Hongkong Bank and Swire were *not* invited to join the foundation, but are putting a brave face on the matter. "I think the business sector is well positioned for 1997," says Mr Selway-Swift. "It's only the politicians that aren't."

Hostility towards local politics is seen by both British and Chinese business executives as a way of bolstering their standing with China. They remain wary of anything other than Beijing-sanctioned political activity and strongly oppose the political reforms introduced by Mr Chris Patten, the governor. The reforms led to elections which produced a majority of pro-democracy lawmakers in the colony's 60-member Legislative Council.

"For 150 years we have succeeded because we had no democracy," says Mr Henry Cheng, managing director of New World Development, a conglomerate, and the chairman of Better Hong Kong. "We have had rule by government."

Mr Cheng says he misses the time when businessmen had a leading role in forming government policy. The change in sovereignty may once again mean a bigger voice for business, he thinks.

But whether the attempts by some British businesses to adapt to the future will succeed at this late stage is more problematical. They ruled the roost when Britain was in charge and many business people in Hong Kong privately expect them to be supplanted by Chinese companies in the future. The question Hong Kong's executives are asking is how long it will take, not whether it will happen.

Europa: **Sergio Romano**

The real losers in Italy

Political battles generally end with a winner and a loser. In Italy, however, they often produce an ambiguous outcome which everybody can claim as a victory. This is what happened at the end of last week's parliamentary debate on the future of the government of Mr Lamberto Dini, the prime minister.

The immediate upshot was that a motion of no confidence in the government – presented by Mr Silvio Berlusconi, the former prime minister, and his rightwing alliance – was defeated by 21 votes. The defeat followed a last-minute tactical switch by Rifondazione Comunista, the hardline remnants of the old Italian Communist party, which was expected to support the motion but which ultimately left the chamber without voting after Mr Dini promised to resign before the end of the year. This deprived Mr Berlusconi of the votes he needed to bring the government down.

The left has subsequently claimed victory – a claim supported by most of the Italian media. But Mr Berlusconi and his allies argue that it was their initiative that forced Mr Dini to set a date for his departure and brought general elections closer, with many expecting them to take place in March.

Only recently, the right says, Mr Dini seemed determined to stay in power for a good part of 1996, with a programme of financial rigour and institutional reforms. Now he has recognised that his government is living on borrowed time. In short, everybody appears satisfied. The left is taking pleasure in Mr Berlusconi's defeat. The right believes that the left's "victory" is pyrrhic, and that it has achieved an important goal in bringing elections closer. Mr Dini, meanwhile, may legitimately claim to have defeated his opponents. Finally, Mr Oscar Luigi Scalfaro, the Italian president, is happy about the defeat of a confidence motion which – following recent allegations about the way he used certain secret funds when he was interior minister in the 1980s – would have been interpreted as a personal censure.

But if all the political players are winners, the spectators – that is to say the Italian people – are the losers. The political picture is even darker than it was on the eve of the crisis.

Italy may be about to witness the leftist version of the tragicomedy that was played out last year by the right

Take the position of Rifondazione Comunista, which changed its political line as soon as Mr Dini promised to resign after the approval of this year's finance bill. This probably will not stop it from fighting the "anti-popular" measures contained in Mr Dini's financial policy tooth and nail. Is it reasonable for Rifondazione to play a part in rescuing a government whose financial policy it is utterly opposed to?

I assume that one of the reasons for the strategy adopted by Mr Fausto Bertinotti, Rifondazione's leader, is that he did not want to forfeit an electoral pact with the Democratic Party of the Left (PDS) covering candidates in "first past the post" constituencies in the next general election. Under this agreement, the two parties – which both emerged from the ashes of the defunct Italian Communist party – would not field candidates against each other in such constituencies. First past the post will be used for three-quarters of the seats in the next election.

Yet it is highly likely that the pact will encourage the formation of a leftist coalition government as heterogeneous and unruly as the rightist government that was spawned by the March 1994 election. Italy may be about to witness, in other words, the leftist version of the tragicomedy that was played out last year by the right. The plot is simple: an election pact delivers victory for a collection of disparate parties that are unable, subsequently, to form a united and coherent government.

In spite of the fact that everyone is claiming victory, the crisis has above all confirmed that the present leftist and rightist coalitions are both fractious and devoid of a common line. Both leaders – Mr Berlusconi and Mr Romano Prodi, the former head of IRI, a state holding company – are weak.

Mr Berlusconi is set to stand trial in Milan in January on charges of alleged corruption. He is also burdened by a conflict of interest, in the shape of his continued control of a television empire which accounts for almost half the Italian national TV audience, that makes him politically vulnerable.

Mr Prodi is hostage to a strong party – the PDS – and his support among the centre-left parties has become increasingly lukewarm.

Leaders from both camps – Mr Berlusconi and Mr Gianfranco Fini, leader of the rightwing National Alliance, on the one hand and Mr Prodi and Mr Massimo D'Alema, the PDS leader, on the other – say they want elections. But it is no coincidence that each side says this at times when the other is hesitant and cautious.

The man who will probably profit from this situation is Mr Dini. At the end of the year, when he resigns, the Italian president may ask him to form a new cabinet to take the country through until the general elections. But when the time comes, many may argue that Italy needs a stable government during its six-month presidency of the European Union and that Mr Dini is the man to preside over it. That would imply that elections might not take place until the autumn.

What Italy really needs is a political system in which small parties do not trade their votes in the way Rifondazione Comunista did last week; one which produces genuine winners and losers.

The electoral reform undertaken in 1993 raised hopes that Italy would become a democracy in which a clear-cut majority was pitched against a determined opposition. Mr Dini's victory last week prevented the government from falling just as debate of the finance bill was due to begin. But it offers no pointers as to how the reform of the country's political system is to be completed.

Italy has an able, competent prime minister. But it has no map to help it extricate itself from the political labyrinth in which it has been lost since the beginning of the crisis of the First Republic in 1992.

Mr Dini was supposed to govern for a brief transitional period. But the transition is becoming permanent and gradually acquiring the features of a political regime with a close resemblance to the old one.

The author is a historian and former Italian ambassador to Moscow

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Negotiate on green production processes

From Mr Robert J. Morris.

Sir, Your article "Struggle to jump green barriers" (October 26) concerning the conflict between trade rules and the objectives of certain environmental policies was a generally fair summary of some of the issues the World Trade Organisation faces as it prepares for the 1996 ministerial review.

However, unlike the answer proposed by Mr Daniel Esty, for a new environmental institution, many in the business community (including in other OECD countries) believe that the problems can be effectively addressed in the WTO without calling into question the WTO's role as guarantor of an open, disciplined international trade system.

The article referred to the distinction between trade restrictions permitted in General Agreement on Tariffs and Trade rules for products and those imposed because an importing country disapproves of the process used in making the product. Those rules correctly permit the former and prohibit the latter and there is no convincing reason why they should be changed.

Instead, we have recommended that if the international community believes it is necessary to restrict or prohibit a certain production process because of its adverse environmental consequences, it should negotiate an international agreement for that purpose. If such an agreement requires trade measures to make it effective, those measures should be implemented pursuant to criteria which protect the integrity of as open a trading system as possible.

We agree that it is at best ambiguous whether present Gatt rules permit such agreement. That is why we and others have recommended that the applicable rule (Article XX) be expanded to clarify the conditions under which such agreements containing restrictive or discriminatory trade measures will justify an exemption from the requirements of other Gatt rules. (A waiver would not be adequate because it is temporary).

Our organisation has recommended to the US government and business organisations from OECD countries a detailed set of criteria which we believe should be applied in the negotiation and WTO review of such agreements.

We are confident that the change in the rules we advocate will permit governments to move in concert to adopt measures to implement scientifically sound environmental policy objectives, to protect the essential integrity of an open trade system governed by agreed rules, and to provide business with the confidence in the system's disciplines it needs to promote the expansion of trade and economic growth which is the only effective guarantee that the resources needed to protect the environment will be available.

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US

World Bank plan fosters PNG poverty

From Aviva Imhof.

Sir, Nikki Tait is correct in saying that Papua New Guinea has hit "hard times" ("Resource-rich PNG has to 'beg' ", October 25).

However, what she fails to note is that thanks to the World Bank and International Monetary Fund, life for the majority of Papua New Guineans will only get harder. According to the National Coalition for Socio-Economic Justice – a coalition of 35 community groups, trade unions, student and environment organisations formed to oppose the World Bank-imposed structural adjustment programme – the present SAP will only exacerbate poverty and environmental destruction in PNG.

The SAP, developed without any consultation with community groups, has already resulted in increased fees for medical services, with fees for higher education soon to come.

Its emphasis on trade liberalisation, through eliminating all controls on foreign investment, benefits foreign corporations keen to make a quick profit through the exploitation of PNG's vast natural resources. And the abolition of price controls on basic foodstuffs and scrapping of the minimum wage will make life increasingly difficult for an already struggling population.

The National Coalition has produced a detailed set of alternatives to the current SAP, known as the "people's SAP". Included in this are abolition of the electoral development fund (known as the slush fund); an emphasis on strengthening local industry and agriculture to reduce dependence on imports; provision of free and accessible health and education services; and an end to subsidies of foreign business.

Papua New Guineans are so outraged over the World Bank plans for their country that they have taken to the streets in numerous protests against this foreign interference. National stop-work meetings are planned next month to coincide with the parliamentary budget session for 1996. So stringent is the opposition that the Australian Council for Overseas Aid was recently forced to withdraw its support for the Wolfensohn-initiated case study of the SAP.

This is yet another example of the World Bank imposing its standard model of export-led development on a country without any real attempt to develop local solutions. If the World Bank is truly a "people's bank", as Mr Wolfensohn claims it to be, it must listen to the people of PNG and renegotiate the SAP.

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campaign co-ordinator,
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Tax-cut talk should cover the poor too

From Mr Brian A. Jones.

Sir, I agree with Michael Prowse on US income tax in the article headed "Cutting taxes is no crime" (October 27). It would, however, be a serious blunder, especially when the reasoning is applied to only one end of the scale.

The Armeys and Gingriches tell us it is vital for the captains of industry to keep at least 70 cents on the dollar, or their motivation will disappear. I doubt this is the whole story, but if all these people say so, let's assume it is true.

Why then do they put up with a situation where the typical welfare recipient who goes out and earns a few dollars loses an equal amount from his welfare grant. To add insult to injury we take away his healthcare. That looks to me like a marginal tax rate of more than 100 per cent and a disincentive.

Isn't the explanation that their constituency is the wealthy, and they are catering for it? In that constituency are the financial alchemists who produce nothing but are able, for a fee, to transform income into capital gains. Hence the emphasis on lower taxes. In that constituency are those who can finance their healthcare, pensions and education: hence the assertion that these belong in the private sector.

The last is the worst of all. If decent education is not made universal, the US will remain in a position where it uses the talents of a small minority. Japan, Korea and others who come closer to using 100 per cent of available talent will then run away with all the marbles in our high-tech world. Perhaps they should, since they seem willing to tolerate competition for themselves and their children, not just to mouth slogans about it.

Brian A. Jones,
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Informal networks that foster creativity

From Mr Peter Cook.

Sir, The article by Christopher Lorenz on corporate creativity ("A remedy for corporate anorexia", October 27) underlines the mania around redrawing organisation structures using "rational" tools such as business process re-engineering.

In the words of one research director of a leading pharmaceutical company: "It can take 20 years to build a culture of creativity and five minutes to destroy it."

I am not about to argue that BPR and other radical approaches to change are in themselves bad.

However, the focus on structural change often causes collapse in the informal channels and networks that enable innovations to flourish.

I do not believe there are any universal panaceas. However, I do believe that organisations must look beyond the rational dimensions of structure when reorganising.

Furthermore, they need to build in an increased capability to share information, using horizontal learning systems (human, technological and environmental settings and informal structures).

Such approaches preserve the important element of trust which is so often missing in downsized organisations at present.

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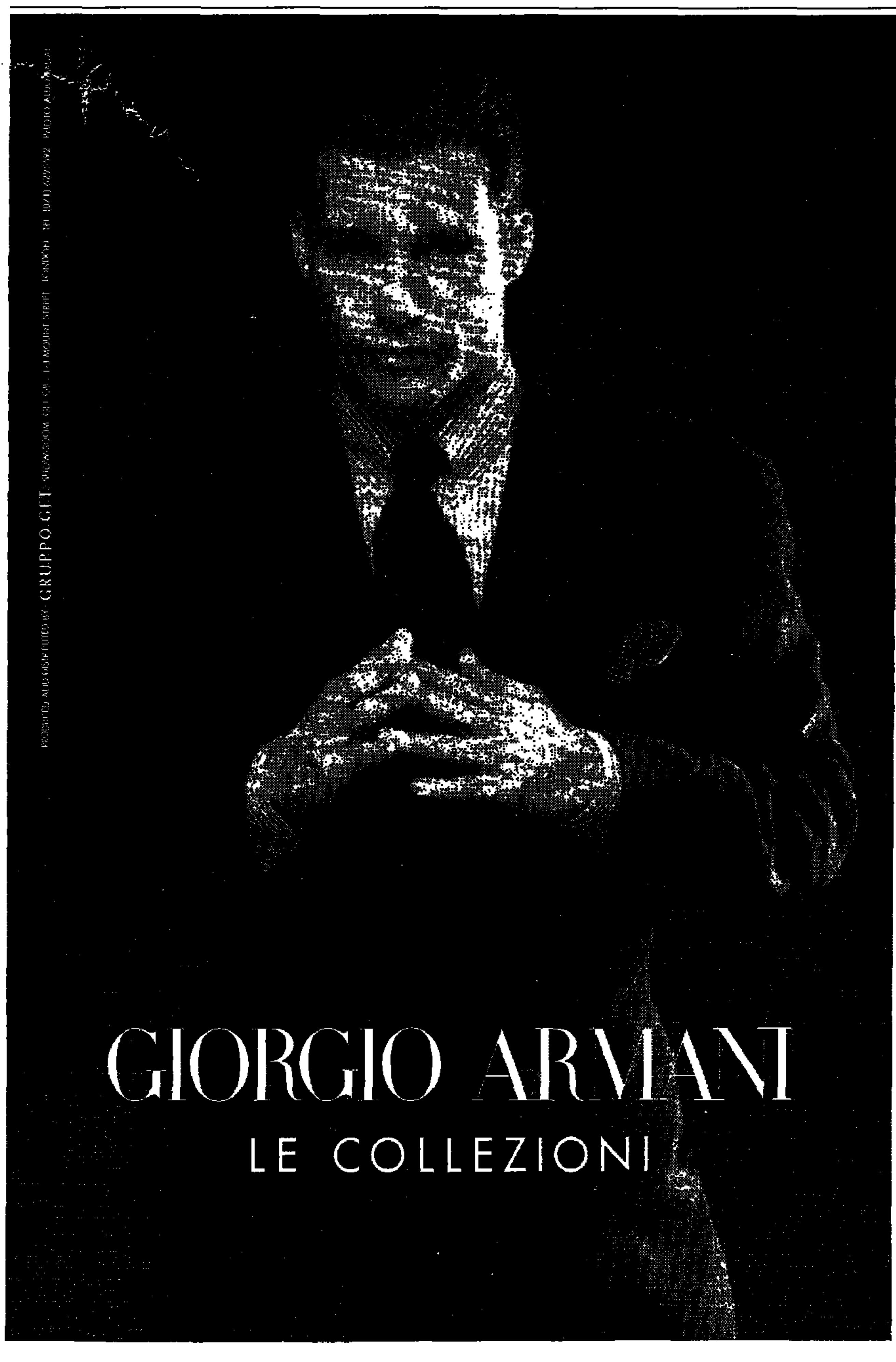

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FINANCIAL TIMES

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Tuesday October 31 1995

An uncertain partnership

British foreign policy has long been punctuated by attempts to build a bilateral relationship with France as a counterweight to the influence of the Franco-German axis within the European Union. Mrs Margaret Thatcher was once driven so far as to haul from her handbag a map of greater Germany in her unsuccessful efforts to persuade president François Mitterrand of the dangers of German domination. Successive British foreign and defence secretaries have promised time and again a new era in Anglo-French military co-operation.

So no-one should be surprised by Mr John Major's declaration that his second summit meeting with Mr Jacques Chirac underlined a growing "global partnership" between the two nations. But like his predecessor, Mr Major is deluding himself if he believes he can persuade France to see in Britain a more reliable ally than Germany.

The prime minister can claim a much warmer personal relationship with the present French president than he could with Mr Mitterrand. Since Mr Chirac's election six months ago, the rhetoric and body language have been positive. Their latest meeting has also delivered several useful bilateral agreements.

A new Anglo-French air force command, a joint initiative on peacekeeping in Africa, and tighter co-operation against terrorism and drugs are designed to build on the practice of closer co-operation established in Bosnia. Meanwhile Mr Major's isolated indulgence of Mr Chirac's nuclear testing programme has won him rare points in the Elysée. A joint commitment that the vital interests of both countries in the nuclear area are now interchangeable appears to mark a significant shift in French policy.

London though, is still looking for the bigger prize. Mr Chirac's rhetorical flourishes in defence of France's national interest, his willingness to ignore the protests in Bonn over nuclear testing, and his doubts about the dismantling of EU border controls strike welcome chords in 10 Downing Street. More substantially, Mr Major hopes that the economic and political costs of meeting the convergence criteria in the Maastricht treaty will eventually force France to abandon hopes of joining a single currency in 1999.

Mr Major would be wrong, however, to assume that better bilateral relations between London and Paris can seriously weaken the Franco-German axis. Mr Chirac has proved himself among the least constant of Europe's political leaders and undoubtedly we can expect rifts with Bonn.

Yet it is clear that behind the frequent swerves, the president's long-term vision for Europe remains different to that of Mr Major. On the agenda for the EU's intergovernmental conference, on the shape of European defence institutions and on economic and monetary union, French interests remain far closer to those of Germany. Good personal chemistry between Mr Major and Mr Chirac will not change that.

Brady revisited

Peru's debt restructuring agreement with its leading bank creditors marks, in one sense, the end of the debt crisis that blighted Latin America in the 1980s. Peru is the last Latin American sovereign debtor likely to avail itself of the Brady plan, launched in 1989 by the then US Treasury secretary, Nicholas Brady.

Peru is not and will not be the last Latin American economy to face external debt problems, but the Brady plan – a way for debtor governments to achieve agreed default on their debt to banks – is unlikely to be a suitable mechanism to resolve them. Latin economies are now indebted to multilateral institutions and an army of bond-holders around the world, a development which the Brady initiative encouraged by converting bank debt into bonds.

There may be a few other Brady deals, for countries outside Latin America, such as Côte d'Ivoire. But the long era of negotiations between Latin American governments and commercial banks, centred on New York, will close with the signing of the Peru deal.

The initiative was born with moderate expectations. It was clear from the outset that the scale of debt forgiveness would be modest, and so it has turned out. Most countries secured a 35 to 45 per cent discount on their bank debt. Since this accounted on average for only a half of their foreign debt, only one-fifth to one-sixth of debt was written off.

The plan, however, did better in mobilising new capital flows. Mr William Cline of the Institute of International Economics in Washington says that the resurgence in capital flows to most Latin American economies in the 1990s followed almost immediately upon their Brady agreement.

This was encouraged by the market-oriented nature of the debt agreements, but also by the emphasis in the Brady framework on continued economic reform in the debtor countries.

However, the reflows of capital to Latin America would not have taken place in such volumes had it were not been a benign international financial environment for this to take place. The success of the Brady plan has been in good part because it has enjoyed very favourable winds.

It also allowed an important breathing space for governments to get their economic houses in order. Mexico's financial crisis underlines that some economies have far to go before they achieve this goal, but that failing can hardly be laid at the door of its Brady debt agreement.

By creating bonds which are now held by thousands of investors worldwide, the Brady plan has also made it more difficult for Latin American governments to achieve future debt restructurings. This will have the advantage of forcing governments to concentrate on their domestic economic problems. The drawback will be that, if their policies fail, further renegotiations would be complicated and drawn out.

Breast implants

The award of $3.95m in damages against Dow Chemical for a single case of illness allegedly caused by silicone breast implants contains an important lesson for companies concerned about the risks of US product liability lawsuits: in such cases, the search for deep pockets takes on a life of its own.

Here, it is Dow Chemical that has the deep pockets. Until this verdict, it had managed to hold itself at one remove from the case. It had never made silicone breast implants itself; instead, they were made by its subsidiary, Dow Corning, a 50/50 venture with Corning, the glass company. Though US courts have traditionally been more willing than those in other countries to "pierce the corporate veil" and make parent companies responsible for the acts of their subsidiaries, they have usually done so only where the parent exercised control or the subsidiary was undercapitalised.

Neither of these considerations applied to Dow Corning, which had always been independently managed. It went into Chapter 11 bankruptcy in May, after it became clear that a $4.75bn "global settlement" of breast-implant claims would not stop the flood of lawsuits. True, the bankruptcy procedure threatened Dow Chemical's equity in its subsidiary. But that was a small price to pay for building what appeared to be a fire-wall between Dow Chemical and the claims. And an earlier verdict implicating the parent company had been rejected by a judge as too confused.

With Dow Corning bankrupt, however, Dow Chemical became the focus of the search for deep pockets. And in this weekend's verdict by a Nevada jury, the search appears to have found its mark. The jury ruled that Dow Chemical's work on testing silicone for toxicity in the 1940s and 1950s was enough to make it liable for the damage caused to Mrs Charlotte Mahlum. It is hard to believe, however, that this role as a supplier would have been enough to win a verdict against Dow Chemical if it had not owned half of Dow Corning.

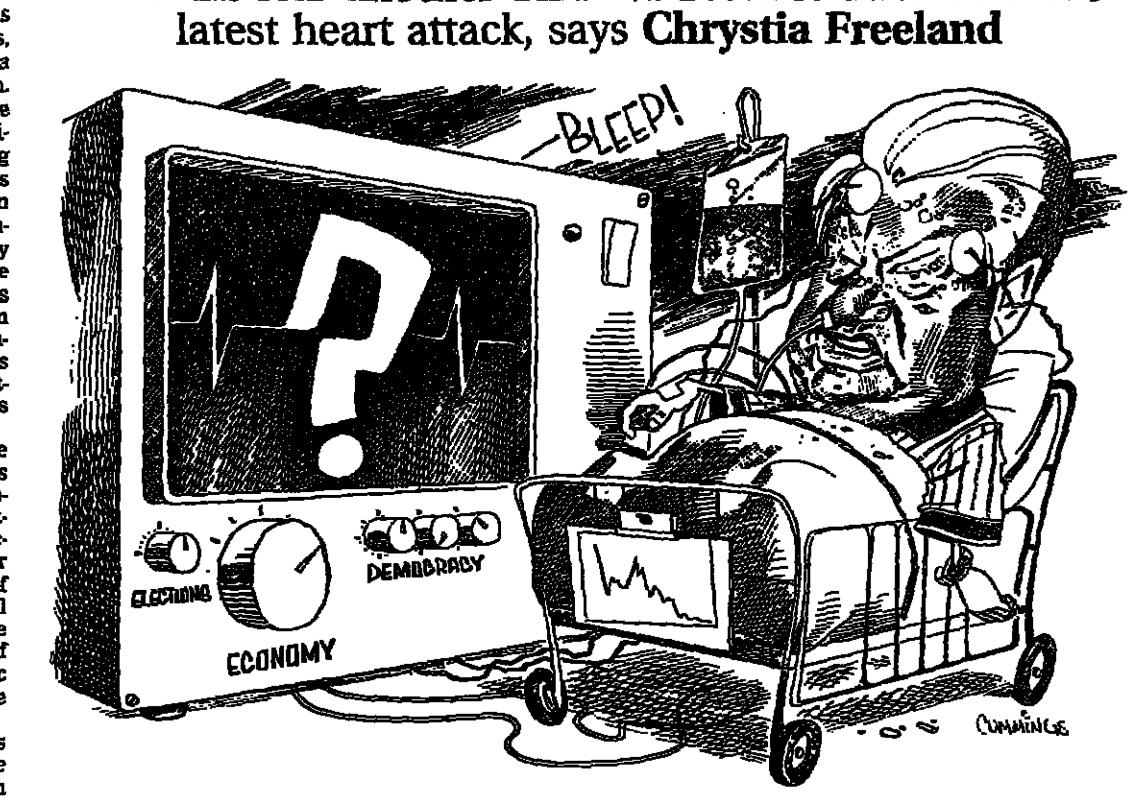
The jury's decision will doubtless go to appeal. It is, in any case, just one round of an epic struggle over breast implants, where the scientific evidence is far from clear-cut.

Still, the fact that Dow Chemical has now been dragged fully into the web of claims and verdicts must be a sobering thought for all companies involved in potentially litigious areas of business in the US. Though the Republicans' political campaign against entrepreneurial liability lawyers has made some headway, notably at the state level, it is unlikely to transform the balance of power.

Social attitudes, the structure of the legal profession, and decades of legal precedent all create a climate in which a company can be brought to its knees once it is trapped in the web of claims, settlements and verdicts. The Dow Chemical case serves to illustrate the ever-widening scope of such claims.

Democracy on the critical list

Russians fear another Time of Trouble after Yeltsin's latest heart attack, says **Chrystia Freeland**



One of the most traumatic periods in Russian history began four centuries ago with the death of the last member of the dynasty that founded Moscow. There followed a 15-year power struggle so bloody it has come to be known as the *smutnoe vremia* or "Time of Troubles".

As President Boris Yeltsin, the founder of the post-communist Russian state, lies sick and secluded in a hospital bed after suffering his second heart attack in four months, many Russians are concerned that a new Time of Troubles is upon them.

These fears increased over the weekend, when government officials shocked the nation by barring Yabloko, a reformist party which is second only to the communists in its political popularity, from competing in December parliamentary elections. The move inspired a rare show of unity from politicians across Russia's political spectrum and brought down a hail of warnings that shadowy Kremlin advisers were taking advantage of Mr Yeltsin's illness to undermine Russia's fragile democracy.

Mr Yegor Gaidar, a former prime minister whose reformist Russia's Choice party also risks being banned, warned that the ruling threatened to turn the parliamentary elections into "a farce". Even Mr Gennady Zyuganov, the leader of the Communist party and arch-rival of the reformers, denounced the decision and described it as part of "the massive preparation of public opinion for the cancellation of the December elections".

There are already signs that this chorus of outrage could force the government to back down. But even if the Central Electoral Commission, the state body which regulates the elections, reverses its ruling on Yabloko it is unlikely to put to rest growing concerns about the future of Russian democracy.

The latest crisis began on Thursday, when Mr Yeltsin was rushed to hospital after a mild heart attack. Although Kremlin spin-doctors have done their best to assure the world that Mr Yeltsin is still in charge of the country, the verdict of most Russian observers, expressed in a black banner headline on the front-page of one of Moscow's leading dailies, is that the heart attack means "the end of the Yeltsin era".

This harsh conclusion has been strengthened by official admissions that, five days after his attack, Mr Yeltsin is still too ill to receive his own aides and that doctors have ordered the president to remain under close medical supervision until the end of November. Moreover, most Russian political analysts argue that Mr Yeltsin's history of physical frailty – even if he recovers from his recent bout of heart problems – is likely to disqualify him from running in presidential elections next June.

"Who will vote for a man who is seriously ill?" asks Mr Sergei Markov, an associate at the Carnegie Moscow Centre, a political think-tank. "When you get sick once you can say its a coincidence, but when you get sick a second time you begin to look like an invalid."

The likelihood that Mr Yeltsin will not be in a position to stand for re-election has important political consequences. Russian democracy – established only in 1991 and marred by a violent battle between parliament and president in 1993 – is fragile. And there are vast powers vested in the president.

The radical reforms introduced by Mr Yeltsin's administration since communism's collapse have made significant headway in achieving their stated goals of creating a democratic political system and market economy. But they have also brought the greatest wealth redistribution since the communist revolution.

In transferring the lion's share of Russia's assets from the state into private hands, Mr Yeltsin's government has created a very small and very rich group of winners – and a large, angry and in some cases genuinely impoverished majority of citizens who perceive themselves as losers. For the winners, including both Mr Yeltsin's clique of Kremlin allies and the more numerous ex-communist *nomenklatura* bosses who have been enriched by market reforms, free and fair elections are a frightening prospect.

"Russia's new political and economic elites fear that some of the country's most popular political candidates – such as Lebed [a former general turned charismatic nationalist politician], Zhirinovsky [the ultra-nationalist politician] and the communists – might deprive them of their wealth and send them to jail," Mr Markov says.

Mr Yeltsin's heart attack has exacerbated that fear. Before he was rushed to hospital, Russian elites worried by the possibility of a communist and nationalist landslide in the parliamentary elections could find solace in the overwhelming powers enjoyed by the president. Even the prospect of June presidential elections did not cause undue concern because of the hope that Mr Yeltsin might recover his political vigour.

But today Mr Yeltsin appears to be a much less reliable bulwark for Russia's ruling class. Most political observers believe that his weakening grasp on the reins of power has triggered a frantic attempt by his dependents to preserve the status quo. They argue that the most public – and inept – expression of this effort so far has been the decision to ban the Yabloko party.

As Mr Grigory Yavlinsky, the leader of Yabloko and a popular contender for the presidency, said yesterday: "The *nomenklatura* in Yeltsin's inner circle is preparing to subvert the elections. A strong political group has emerged in Russia which has an interest in manipulating the voting."

Russian and western analysts are concerned that, as the post-Yeltsin era dawns, the elite Mr Yeltsin leaves behind may decide self-preservation is more valuable than setting a democratic precedent.

"If they are brazen enough to do this to Yavlinsky, then how will they behave during the presidential race?" asks Mr Michael McFaul, professor of politics at Stanford University in the US, on a visit to Moscow. Mr McFaul believes that many senior figures in the Russian leadership "are definitely thinking of postponing the presidential elections indefinitely and establishing an authoritarian regime."

Among those believed to be considered by Mr Yeltsin's entourage as possible leaders of an authoritarian Russian state are Mr Victor Chernomyrdin, the prime minister and legal successor should the president die; Mr Yuri Luzhkov, the mayor of Moscow; and Mr Yuri Skokov, a hardline nationalist.

For Russia's ruling class, the advantages of smoothly replacing an ailing Mr Yeltsin with a healthier member of the club are obvious. If the appointed new tsar is Mr Chernomyrdin, the west might also be inclined to accept a "pause" in Russia's democratic development. Mr Chernomyrdin, who is credited with steering the Russian economy towards a tentative recovery this year and bringing down inflation, is more likely to continue market reforms, encourage foreign investment and pursue a friendly relationship with the west than the leaders Russian voters can be expected to support in free elections.

But while Mr Chernomyrdin might be seen as the best leader to guide the Russian economy through difficult reforms in the short term, opinion polls suggest he is unlikely to win the presidency in a free election. And if Mr Chernomyrdin were to be installed without an election, Russia's fragile democracy would be seriously undermined.

"Right now we're at an incredible precedent-setting moment," Mr McFaul says. "Russia has never in its history had two consecutive elections for leaders on a federal level. If a second presidential election doesn't happen the chance to set that democratic precedent will be lost, the new leader will be under no obligation to play by the democratic rules and what you will have is an authoritarian regime."

Four centuries ago, Russia's original Time of Troubles ended when a defunct dynasty was replaced by a new family of autocrats – the Romanovs. After the collapse of the Soviet Union in 1991, many Russians hoped that their country was entering a new era of democracy. But today they fear that the Kremlin may replace one ailing strongman with a healthier one – and usher in a new era of autocracy.

The latest brouhaha over alleged insider dealing comes as no surprise, says **Tony Jackson**

The years of living dangerously

It seems like the bad old days of Wall Street revived: America's best-known stockpicker under legal investigation, exposed by the press and suspended by the magazine which employs him. Mr Dan Dorfman, a TV and press journalist celebrated for his ability to move markets, is in hot water – and a lot of people are glad.

Mr Dorfman's troubles started at the end of last week, with the publication of a lengthy exposé in the US magazine Business Week. According to the report, Mr Dorfman, along with a friend of his who is a stock-promoter, is being investigated by the US attorney for the Eastern District of New York for possible violation of securities laws, including insider trading.

The response was immediate. Money Magazine, for which Mr Dorfman has written a column since the start of the year, put him on paid leave with immediate effect. Time Inc, the magazine's owner, said it would conduct its own investigation. But CNBC, the TV cable network which is Mr Dorfman's chief platform, still stands by him: and Mr Dorfman used his broadcast last Friday to describe the allegations of insider trading as "rubbish".

At 63, Mr Dorfman has been around a long time. Back in the late 1960s he was a columnist with the Wall Street Journal, and in the late 1980s and early 1990s wrote for USA Today. But his real rise to power came with his daily TV broadcasts for CNBC.

His broadcasts are often criticised for picking companies so small that his comments prove self-fulfilling, since the price is easy to move. But this is not the whole story. Mr Dorfman also passes on market rumours on much bigger companies, and he is quite often right.

Thus, he said in March that Kimberly-Clark, the tissue maker, might bid for its rival Scott Paper. The $7bn (£4.4bn) deal was announced in July. In July, he said Westinghouse would bid for the TV network CBS. The $5bn offer came in August. The same month, he said that if Mr Ted Turner failed in rival attempt to buy CBS, he would put his own company on the block. Mr Turner sold out to Time Warner some 10 days later.

Of course, not all those rumours were unique to Mr Dorfman. Nor are all his rumours correct. In January, he reported that Coca-Cola was about to bid $60 a share for Quaker

America's best-known stockpicker is in hot water – and a lot of people are glad

Oats. At first Coca-Cola refused to comment: later that day, with an almost audible cackle, it said: "We have decided to elaborate on our statement, and observe that Dan Dorfman hasn't a clue."

His influence remains undented. In June, the Dow Jones news wire adopted a special code so that customers could identify stories based on his tips.

Earlier this month the Chicago options exchange formally asked the Securities and Exchange Commission, the US markets watchdog, to allow temporary suspension of stocks mentioned in his broadcasts. This is because traders watching their TV sets can use computers to place orders instantly, thus anticipating by a split second the market's reaction.

Given the scale of the phenomenon, it is in no sense pre-judging Mr Dorfman to say that the latest brouhaha comes as little surprise. The big insider trading scandals of the 1980s may be history, but they have left their mark. In the supposedly squeaky-clean 1990s, anyone who can move share prices 30 per cent either way is living dangerously.

This would be true even if the stock-picker never profited directly. Mr Dorfman says flatly that he has not bought or sold a share in five years. The danger is that a whole cottage industry has grown up around his pronouncements: companies and their promoters, stock traders and public relations executives. In such an atmosphere, accusations of collusion or prior knowledge become hard to disprove.

And, of course, Mr Dorfman has plenty of enemies. His princely salary – rumoured at about $600,000 a year – is not calculated to endear him to the media, being some 20 times the average wage of a US TV reporter. The many companies that have seen their stock suffer at his hands will also be delighted by the latest turn of events.

For those who find Mr Dorfman's influence bizarre, his existence may seem threatening. On a more benign interpretation, he is a mere mechanism: a medium through which the stockmarket chooses to process its information.

He himself claims to be nothing but an honest reporter, who gets results through hard work. As he tells his TV audience, "people should never buy or sell a stock based on what I say". But if Mr Dorfman did not exist, Wall Street would have to invent him.

OBSERVER

Just another ordinary place

■ There ought to be a proverb about nothing being quite so confusing as a Polish election. For one thing, there are no fewer than 16 rival candidates, all champing at the bit for polling day, November 5.

The waters are now further muddied by a row about former communists dabbling in nasty old capitalism. The right wing media yesterday laid about the former communist Aleksander Kwasniewski, presidential candidate of the SLD, the Left Democratic Alliance, following news that his wife Jolanta and a substantial chunk of the *ancien regime's* politbureau are now shareholders in Polisa, Poland's fourth largest insurance company.

At a crowded press conference the 41-year-old Kwasniewski – marginally leading President Lech Walesa in the polls – said his wife's investments were no concern of his. She is a successful estate agent and the investment in Polisa – which is planning a flotation on the Warsaw Stock Exchange in December – was just another business venture.

A fine Clintonesque posture, but the fact is that Kwasniewski's campaign managers are worried that appearing to dabble in the making of lucre could be a vote-loser among left wing supporters.

On the other hand, maybe Kwasniewski should take heart. All this farrago means is that Poland is finally becoming just another boring old democracy.

Sorry, we're full

■ Have the 250 hacks attending this week's World Congress of Travel Journalists in Athens made a poor choice of venue?

Tourists seem to think so. They shunned Greece this year in favour of Spain and Turkey. Arrivals were down about 15 per cent and many Greek hotels were only half-full.

Greece's Union of Travel and Tourist Enterprises, a private sector group, would also probably agree. Its latest study of the tourist industry, prepared in collaboration with Horwath Consulting, came out in March, just before the season opened.

The study presaged many of the complaints voiced by dissatisfied visitors: strikes that keep archaeological sites closed, not enough flights to the islands, inadequate telephones and uncomfortable hotels – fewer than 1 per cent of Greek hotel rooms are in the luxury category.

All this bad news, the study concludes, explains why Greece attracts few international congresses.

And the good news? It presumably also means that the travel scribblers' congress organisers have managed to negotiate themselves a very handsome discount.

Nimble Trimble

■ Ulster Unionist leader David Trimble is putting on a good impression this week of being Daniel in the lions' den, by bearding the Irish-American establishment on home ground. He is determined to make it a charm offensive on behalf of Ulster's Protestant majority, and avoid a slanging match.

Imagine his consternation therefore, when he woke yesterday morning to be greeted by a quarter-page advertisement on a centre page of the New York Times, describing him as "the David Duke of Ireland". Duke is the sympathiser of the Ku Klux Klan, who almost won the governorship of Louisiana a few years back.

The ad was placed by the Irish American Unity Conference, a fringe Irish-American agitprop group, sympathetic to Sinn Fein, but not formally linked to the republican cause. Trimble refused to be fazed.

"We are not in a position to place quarter-page advertisements in the New York Times," he said, but he was secretly not too upset. "I think Irish-Americans would probably be embarrassed by it. Of course, it would have been different if they had put a comma between the David and the Duke!"

Trimble is due to have breakfast today with Ted Kennedy, and has been invited to visit Boston, that bastion of Irish-Americanism, in the most intensive PR campaign ever conducted by an Ulster Unionist in the US. But he confessed that he was carrying his orange sash in his suitcase.

"I'm flying back to an Orange Lodge dinner in Scotland on Saturday," he said. "I don't intend to be wearing it on this side of the Atlantic." Very wise.

Control freak

■ No airline jokes, please, about the Vietnamese flag carrier, which is very serious about its ambitions to fly high in Asia.

Vietnam Airlines is exchanging its geriatric Soviet-built Topolev aircraft for gleaming Airbuses and Boeings, and it has called in Air France and Ansett to hone the skills of its air force-trained pilots. More accustomed to aerial combat than to the niceties of commercial flying, the Vietnamese are having a spot of trouble learning how 90 degree landings and take-offs affect the human contents of the cabin.

There's a further problem with the ground controllers, who also hail from the military, and are used to nothing save unquestioning obedience. Faced with a new regime of pilots who are beginning to answer back, ground control has been known simply to declare an airport closed, ordering the aircraft to divert elsewhere. They'll pick it up eventually.

The Financial Times

100 years ago

A nice little cheque
Yesterday the first instalment of the Chinese indemnity was formally handed over at the Bank of England to the representatives of Japan. The amount of this nice little cheque was eight millions sterling. The transaction forms a curious example of the modern system of credit, in which the passing from hand to hand of an insignificant scrap of paper satisfies all requirements. It shows how truly London is the centre of the world's finance, that the payment of an indemnity between the two leading nations of the Far East, one of which has only recently emerged from barbarism while the other is still steeped in it, should take place not in Tokio or Pekin but in prosaic old Threadneedle-street.

50 years ago

London pride
"London, by its commerce, has served the world and rendered a service which no other nation has been able to do," said Sir Frank Alexander, Lord Mayor of London, at the luncheon of the Corporation of Insurance Brokers. This, he said, was London's pride. But all must work to increase exports, and one of our greatest invisible exports was provided by the black-coated workers in the three great services, finance, insurance and shipping.

A Century of Experience
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Kremlin hardliners blamed for poll move

Russian PM attacks election ban on party

By Chrystia Freeland in Moscow

Mr Victor Chernomyrdin, Russia's prime minister, yesterday demanded that electoral authorities reverse a decision to ban the country's second most popular party from December's parliamentary elections.

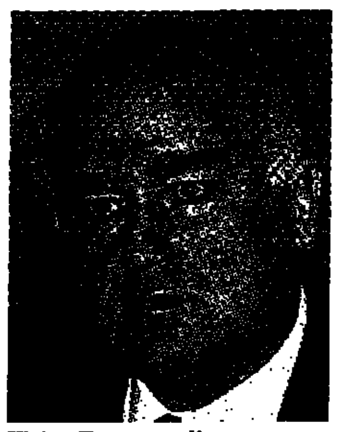
In response to protests that have spanned the Russian political spectrum, officials from the Central Electoral Commission, which had voted to exclude the Yabloko party, hinted yesterday that they might back down.

Even if the ruling is reversed, the episode has stirred fears that President Boris Yeltsin's heart attack last week is tempting hardliners to seek to subvert the democratic process.

The controversy has also highlighted the confusion about who is ruling Russia.

Mr Chernomyrdin yesterday insisted Mr Yeltsin was taking all the important political decisions. But Kremlin officials said the president, in hospital for a fifth day, was still not allowed to see anyone other than medical staff and family members.

In a further sign of the apparent confusion at the highest levels of government, Mr Chernomyrdin said he had not received advance notice of the decision to ban the Yabloko party.



Victor Chernomyrdin

"This decision was, at the least, ill-considered and harmful, not only for the election campaign but also for democracy in this country," said Mr Chernomyrdin, who leads Our Home is Russia, the pro-government party which last week received official approval to stand. "I hope common sense and responsibility will prevail and that a legal way will be found to correct the mistake."

The premier's comments echoed protests by the leaders of most parties. Communists and nationalists, as well as fellow reformers, spoke in support of Yabloko. The general consensus, voiced most explicitly by Mr Grigory Yavlinsky, leader of the banned party, was that Mr Yeltsin's illness had given hardline Kremlin officials an opportunity to attack opposition parties.

Mr Yavlinsky said the hardliners might be trying to sabotage his chances in presidential elections, scheduled for next June. Polls rate him as the second most popular politician in Russia, making him a potential rival to Mr Yeltsin or another pro-government candidate.

But the complaints may prompt a change of heart by the electoral commission. "I want to stress that the situation with this electoral bloc is far from hopeless," said Mr Alexander Ivanchenko, the deputy head.

"If the Supreme Court discovers new circumstances in the case and recommends us to return to the issue, the commission will consider Yabloko's application again."

Democracy on the critical list, Page 15

London's City Airport is sold for $37m

By Michael Skapinker and Andrew Taylor in London

London City Airport, the lossmaking terminal in the capital's docklands, has been bought by Mr Dermot Desmond, an Irish financier, for £23.5m ($37m).

Mr Desmond, a former non-executive chairman of Aer Rianta, the Irish airports authority, is paying £14.5m to John Mowlem, the construction group which built the airport and owned it since it opened in 1987. The remaining £9m is going to the Port of London Authority for the surrounding land and freehold.

Mowlem is selling the airport for less than its book value of £19.8m. Despite increasing passenger numbers by 95.6 per cent to 480,000 last year, the airport has been a consistent loss-maker. The cost of the airport to Mowlem, including construction costs and cumulative losses, has been about £70m over the past decade. Losses this year were expected to be between £3m and £4m after a £6.1m loss in 1993 and £4.2m last year.

Mr Ken Minton, Mowlem's chairman, said yesterday: "Even though losses have been reducing, there was no certainty when the airport would become profitable. In the meantime we were faced with having to fund capital expenditure of £3m to £4m over the next few years to maintain the fabric of the airport and keep it competitive.

"Spending on marketing also needed to be increased. In these circumstances we felt it best to complete a sale and concentrate on our core construction businesses." Shares in Mowlem, which was looking for a buyer for two years, rose 9p to 63p.

The airport, which employs 120 people, is a 15 minute drive from the City and 30 minutes from the West End, via the Limehouse Link road which was completed in 1993. That completion has been a key factor in increasing the number of passengers. London City had previously suffered from a view that it was less accessible than larger airports, such as Heathrow and Gatwick, which are further from the city centre.

The airport offers flights to several European destinations, including Paris, Frankfurt, Brussels, Dublin and Rotterdam.

Mr Desmond's spokeswoman in Ireland said she had no information on what he planned to do with the airport. She said Mr Desmond, a millionaire from the 1994 sale of his stake in NCB, the Irish stockbrokers, to Ulster Bank, did not give press interviews. Mr William Charnock, the airport's managing director, said he expected London City to be profitable at the operating level by the end of next year.

Manchester airport lures investors to 'honeypot', Page 9

THE LEX COLUMN

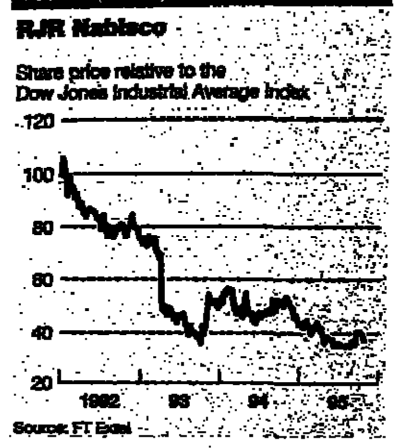
Smoke signals at RJR

The barbarians are back at RJR Nabisco's gate, just six years after it became the world's largest leveraged buy-out. The latest predators, Mr Carl Icahn and Mr Bennett LeBow, are trying to persuade management to pursue the 1990s fashion for breaking up 1980s mergers. But their stance is not terribly convincing. They have only a 5 per cent stake, and it is doubtful that they could bankroll a full bid, even if their patience stretched that far. Moreover, their argument that demerging RJR's food and tobacco businesses could enhance the share price by 50 per cent looks like pure fantasy.

Philip Morris considered splitting off food from tobacco in mid-1994, and opted against. Its share price has since risen by 66 per cent, so it could be said to have won that argument. And it seems likely that Mr Icahn and Mr LeBow are banking on being able to attract bigger vultures to the feast, so they can take off with a rapid profit.

Still, RJR looks like a better prospect for break-up than its larger competitor. The businesses have been struggling, and the balance sheet is over-loaded with debt. Refocusing management via demerger might not add value, but it would create two bite-sized morsels for industrial buyers. Seita and Rothmans would almost certainly be interested in the tobacco business, and BAT Industries would love to have RJR's non-US tobacco business. The food business should also be easy to sell, although it seems unlikely that the latest barbarians will wait that long.

FT-SE Eurotrack 200: 1500.4 (+19.4)



Dow Chemical

Yesterday's products are starting to haunt today's companies. Just days after British engineer T&N lost a landmark asbestosis case, Dow Chemical has been successfully sued over breast implants. May's decision to let Dow Corning, the joint venture which manufactured the implants, file for bankruptcy has clearly failed to protect its parent.

As so often with American juries, the numbers involved look horrific: the plaintiff has been awarded damages of $4m. Since Dow has been named as defendant in 13,000 similar actions, the liabilities could theoretically exceed its $20bn market capitalisation. The caseload may even increase following the breakdown of a worldwide legal settlement concerning implants. Many of the 430,000 women who thought they were covered under this agreement may now be tempted to sue the deep-pocketed Dow directly.

But Dow is not defenceless. The group has not lost an implant suit before and its case for appeal looks strong. A number of scientific studies have failed to establish a link between breast implants and illness, but curiously this evidence was not allowed in the latest case. Dow also maintains that it never tested silicone on behalf of Dow Corning and cannot therefore be held responsible for its safety. Finally, in an earlier case in March, involving both Dow and Dow Corning, the trial judge overturned the jury's decision and exonerated Dow. Yesterday's steady performance by the shares shows that the market thinks Dow may have the edge again.

Italian takeovers

The 17 per cent fall in Ferruzzi Finanziaria's share price yesterday was a rational response to the latest twist in this corporate drama. Mediobanca, the Milanese merchant bank, has effectively taken control of Ferfin and its associate Montedison but looks unlikely to pay any premium to outside shareholders. Mediobanca's aim is to expand its sphere of influence and protect Montedison from outside aggressors. So Ferfin has suddenly been transformed from an attractive break-up target to a component of Mediobanca's plan to create a superconglomerate from the ashes of Gemina.

Once again, Italian stock market regulations have been shown to be inadequate. Ferfin was listed as a special case, following a bank rescue in 1993, so Mediobanca looks exempt from the takeover rules. But even if current rules were applied, it would have got off lightly. The regulations do not cover concert parties, where a group of investors work in tandem. Since Mediobanca has a vast network of allies – including Credito Italiano and Banca di Roma, both large shareholders in Ferfin – it can exert influence far beyond its 11 per cent stake.

The Italian government has recognised the problem. ENI, which is being privatised next month, is protected from bids by concert parties, and the government should move quickly to introduce such definitions to the takeover laws. It may be too late to rescue Ferfin's minority shareholders, but the international reputation of the equity market is at stake.

Royal Bank of Scotland

Direct Line, the Royal Bank of Scotland's highly successful telephone insurance subsidiary, is a case of the tail wagging the dog. Direct Line's slowing growth prospects are to blame for the derating of the bank's shares over the last year.

More recently Mr Peter Wood, Direct Line's creator, managed to pour a bucket of cold water over takeover speculation by threatening that he might leave. Both achievements are quite something for a business which contributes less than 20 per cent of the bank's earnings.

Given Mr Wood's influence, shareholders may think it odd that he is to be allowed to spend up to half his time on outside interests. These include a new Direct Line lookalike in the US, where regulation prevents the bank having a significant involvement. For shareholders, this is a no-win game. If the venture goes well, they get little of the benefit. If it goes badly, Mr Wood's reputation is damaged and with it Royal Bank's share price.

Probably the best prospect for shareholders would be a demerger in which Direct Line became independent, run by Mr Wood alongside his other ventures. Direct Line's results would then no longer divert attention from the bank's performance, leading to pressure for improvement.

A demerger would increase the likelihood of a takeover bid for the bank. It would be cheaper to buy and the threat of Mr Wood's departure would be absent. But shareholders might not regret that: without a bid the shares are likely to fall.

Additional Lex comment on W.H. Smith, Page 22

French and German bourses plan joint trading system

By Norma Cohen, Investments Correspondent

The Deutsche Börse and French stock exchange (SBF) yesterday announced plans to build a joint trading system, allowing members of both to use a single mechanism to trade equities, futures and options in both countries.

The move is intended to make it cheaper for users to trade French and German equities in their own domestic markets and fend off growing competition from exchanges in other centres which are competing to list and trade the shares of French and German companies.

Member firms will be able to cut costs by putting in place one system to give access to two exchanges. The move is also a response to the European Union's investment services directive (ISD), which will allow member firms of one European exchange to have "remote membership" of any other and trade securities via an electronic link. "The ISD means more competition," said the SBF. "We have to provide better products, better services and lower prices to members."

Efforts by various continental bourses to upgrade their trading technology have eroded the advantage of the London Stock Exchange, which had established itself as the leading mechanism for cross-border share trading.

Yesterday, a letter of intent was signed between the SBF, Deutsche Börse, Monep, France's options exchange, and Matif, its futures exchange, to examine the possibility of what was described as a "double Franco-German platform". A final decision is to be made by March 31. The technology used would be the SBF's Nouveau System Cotation, its automated trading system which has been in use since June.

Last April, the French and German exchanges announced a general agreement to co-operate more fully on trading systems.

The futures exchanges of both countries also have a co-operative agreement under which each will trade each other's futures contracts. Currently, the Matif is embroiled in a dispute with its own members about which contracts will be allowed to be traded in both countries.

Yesterday, the SBF and the Deutsche Börse said their latest agreement "alters significantly the scope" of the original arrangement on futures contracts. As a result, the deadline for its implementation will be extended to March 31.

Easdaq exchange plans come closer, Page 18

Software groups hail piracy win in China

Continued from Page 1

Microsoft Word, WordPerfect 5.2 and other software programmes. The court is expected to make a decision on damages next month.

"Software theft in mainland China continues to grow and we hope that this judgment marks the beginning of renewed efforts as part of a more vigorous and sustained programme of intellectual property protection," said Ms Mitchell.

"We think that the Chinese can do much more to enforce the protection of intellectual property, as they agreed to do in the Sino-US Agreement on Intellectual Property Rights Protection earlier this year." In June, the BSA won $78,276 in damages and court costs for Microsoft and three other companies from Beijing Gaoli Computer, which agreed to apologise publicly for illegally selling copyrighted software products.

The Chinese version of Microsoft's Windows is due to go on sale next month, but bootleg copies are already available on Chinese city streets for Yn40 ($5).

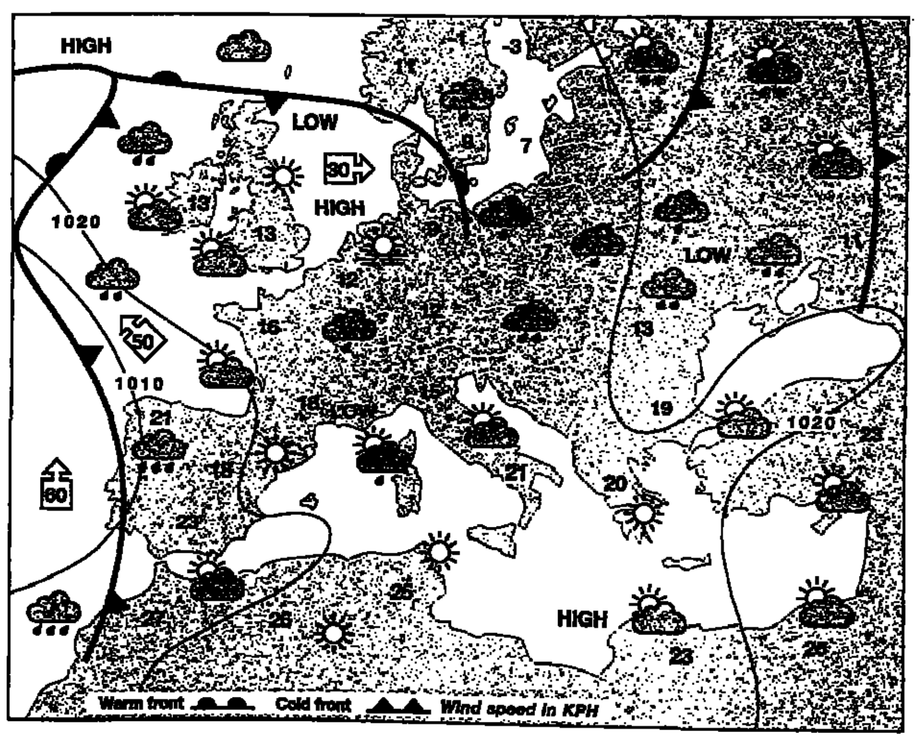
FT WEATHER GUIDE

Europe today

High pressure over north-west Europe will result in settled conditions in the UK, the Benelux, northern France and Germany. Late evening fog is expected in these areas, however, which could persist throughout the day. Elsewhere, there will be a mixture of cloud and sun. A small disturbance will bring some rain to Scotland, Denmark and southern Sweden. Central Scandinavia will be dry and sunny. Eastern France, the Alps and western Balkans will be mostly cloudy with some rain. The western Iberian peninsula will have rain. South-east Italy and Greece will have light showers.

Five-day forecast

Arctic air will gradually head south into central Europe around a high pressure area south of Iceland. Consequently, the northern Alps will have snow later this week. The UK will be mostly dry and sunny, although the east coast will have showers.
South-east Europe will be mostly cloudy with rain developing later in the week.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	31
Accra	thund	30
Algiers	fair	27
Amsterdam	fair	12
Athens	sun	21
Atlanta	cloudy	23
B. Aires	sun	21
B.ham	fair	13
Bangkok	fair	33
Barcelona	fair	20
Beijing	sun	5
Belfast	fair	13
Belgrade	shower	15
Berlin	cloudy	9
Bermuda	cloudy	25
Bogota	fair	20
Bombay	sun	35
Brussels	sun	11
Budapest	cloudy	13
C.hagen	rain	11
Cairo	sun	28
Cape Town	shower	27
Caracas	cloudy	31
Cardiff	fair	13
Casablanca	cloudy	24
Chicago	rain	11
Cologne	sun	11
Dakar	fair	31
Dallas	rain	21
Delhi	sun	32
Dubai	sun	32
Dublin	fair	14
Dubrovnik	thund	19
Edinburgh	fair	14
Faro	rain	20
Frankfurt	cloudy	10
Geneva	fair	15
Gibraltar	shower	21
Glasgow	cloudy	14
Hamburg	cloudy	10
Helsinki	fair	0
Hong Kong	fair	28
Honolulu	fair	30
Istanbul	sun	17
Jakarta	shower	32
Jersey	fair	16
Karachi	sun	36
Kuwait	sun	34
L. Angeles	cloudy	23
Las Palmas	rain	23
Lima	fair	22
Lisbon	rain	20
London	sun	14
Lux.bourg	fair	11
Lyon	fair	18
Madeira	rain	22
Madrid	cloudy	19
Majorca	fair	23
Malta	sun	24
Manchester	fair	14
Manila	shower	31
Melbourne	fair	25
Mexico City	fair	21
Miami	thund	29
Milan	fair	15
Montreal	cloudy	4
Moscow	sleet	3
Munich	rain	11
Nairobi	shower	27
Naples	shower	21
Nassau	thund	29
New York	cloudy	16
Nice	sun	19
Nicosia	fair	22
Oslo	cloudy	6
Paris	cloudy	14
Perth	shower	21
Prague	cloudy	8
Rangoon	shower	34
Reykjavik	drzzl	6
Rio	shower	24
Rome	fair	21
S. Frsco	cloudy	18
Seoul	shower	11
Singapore	shower	31
Stockholm	sleet	4
Strasbourg	cloudy	12
Sydney	fair	22
Tangier	rain	23
Tel Aviv	sun	25
Tokyo	rain	20
Toronto	cloudy	5
Vancouver	sun	8
Venice	shower	16
Vienna	cloudy	11
Warsaw	cloudy	7
Washington	cloudy	18
Wellington	rain	17
Winnipeg	fair	-2
Zurich	drzzl	12

We wish you a pleasant flight.
Lufthansa

THE DAVID THOMAS PRIZE

David Thomas was a Financial Times journalist killed on assignment in Kuwait in April 1991. Before joining the FT he had worked for, among others, the Trades Union Congress.

His life was characterised by original and radical thinking coupled with a search for new subjects and orthodoxies to challenge, particularly in the fields of industrial policy, third world development and the environment.

In his memory a prize has been established to provide an annual study/travel grant to enable the recipient to take a career break.

In this, the fifth year of the prize, the Trustees are inviting applicants to write A Letter from a European City focusing on a feature which enriches people's lives and explaining how it might be transferable to other European cities.

The 1996 prize will be worth not less than £3,000.

Applicants, aged over 25, of any nationality, should submit their Letter of up to 800 words in English, together with a brief c.v. and a proposal outlining how the award would be used to explore the theme of the Letter further. Please keep David Thomas's interests in mind when writing both the Letter and the proposal.

The award winner will be required to write a 1500 to 2000 word essay at the end of the study period. The essay will be considered for publication in the FT.

CLOSING DATE JANUARY 5 1996

APPLICATIONS TO:
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